
Return of Title IV Funds

WITHDRAWALS*

This chapter explains how Title IV funds are handled when a recipient of those funds withdraws from school. This chapter has been revised completely to reflect the Higher Education Amendments of 1998.

The Higher Education Amendments of 1998, Public Law 105-244 (the Amendments of 1998) substantially changed the way funds paid toward a student's education are handled when a recipient of Title IV funds withdraws from school. Final regulations published November 1, 1999 implemented these statutory requirements.

Schools were not required to implement these new provisions until October 7, 2000. This chapter provides information for these new requirements. Schools that choose to follow the "old" (Refund and Repayment) requirements for the 2000-2001 award year up until October 7, 2000, should refer to the 1999-2000 Handbook for guidance.

The old provisions required schools participating in the Title IV Programs to use specific refund policies when a Title IV funds recipient withdrew. The school determined the amount of institutional charges it earned, the unearned amount, and the amount that had to be refunded. In addition, the old provisions specified an order of return of unearned funds from all sources of aid, not just the Title IV Programs.

The new requirements do not dictate an institutional refund policy. Instead, a statutory schedule is used to determine the amount of Title IV funds a student has earned as of the date he or she ceases

* Although elsewhere the Handbook refers to the "SFA Programs," rather than the "Title IV Programs," which is the term used in the law, this Chapter will use the term Title IV Programs to make it easier to use with the worksheets for the Treatment of Title IV Funds When A Student Withdraws.

attendance. The amount of Title IV Program assistance earned is based on the amount of time the student spent in academic attendance; it has no relationship to the student's incurred institutional charges. Because these requirements deal only with Title IV funds, the order of return of unearned funds no longer includes funds from sources other than the Title IV Programs.

Up **through the 60%** point in each payment period or period of enrollment, a pro rata schedule is used to determine the amount of Title IV funds the student has earned at the time of withdrawal. **After the 60%** point in the payment period or period of enrollment, a student has earned 100% of the Title IV funds.

The new requirements do not prohibit a school from developing its own refund policy or complying with refund policies required by outside agencies.

Schools are still required to provide students with the details of all refund policies applicable at the institution as well as information on the Title IV Program requirements for determining the amount of Title IV funds a student has earned when he or she withdraws.

Early Implementation

As mentioned previously, schools are not required to implement these provisions until October 7, 2000 (two years from the enactment of the 1998 Amendments). The final regulations apply to any student who withdraws on or after October 7, 2000. Schools may, at their discretion, choose to implement the requirements earlier. If a school chooses to implement or has already implemented these provisions after publication of the November 1, 1999 final regulations but prior to October 7, 2000, the school—

- must implement the regulations in their entirety;
- must apply these regulations to **all students who withdraw on or after the date the school implements these regulations** (i.e., not on a student-by-student basis); and
- cannot revert back to the old provisions of §668.22.

The Department developed worksheets to assist schools in their implementation of the requirements of the final regulations (you can find blank worksheets at the end of this chapter). There is one worksheet for students who withdraw from credit-hour programs, and one for students who withdraw from clock hour programs. These worksheets are available in Portable Document File (PDF) format on the Department's "Information for Financial Aid Professionals" web site at <http://ifap.ed.gov>. This chapter will provide a discussion of the general requirements for the treatment of Title IV funds when a student withdraws and will then follow the steps in the worksheets.

In addition, in April of 2000, the Department released a test version of its Return of Funds software on its Information for Financial Aid Professionals website at <http://ifap.ed.gov>. The use of the Department's worksheets and/or the software is optional. Schools are not required to use either for the determination of the treatment of Title IV funds when a student withdraws.

General Requirements

If a recipient of SFA grant or loan funds withdraws from a school after beginning attendance, the amount of SFA grant or loan assistance earned by the student must be determined. If the amount disbursed to the student was greater than the amount the student earned, unearned funds have to be returned. If the amount disbursed to the student is less than the amount the student earned, he or she is eligible to receive a post-withdrawal disbursement of the earned aid that was not received.

The change to the law makes clear that Title IV funds are awarded to a student under the assumption that the student will attend school for the entire period for which the assistance is awarded. When a student withdraws, the student may no longer be eligible for the full amount of Title IV funds that the student was originally scheduled to receive.

Consumer Information

A school must make available upon request to prospective and enrolled students a statement of

- any refund policy with which the school must comply,
- the requirements for the treatment of Title IV funds when a student withdraws, and
- the requirements and procedures for officially withdrawing from the school.

Because these new provisions no longer effect institutional refund policies, the school must provide the student with information on both the Title IV requirements and the school's refund requirements.

A school should include some discussion of how the Title IV requirements and the school's refund requirements interact, including how the school might adjust a student's charges to take into account repayments of Title IV funds that the school was required to make.

Foreign Schools

Foreign schools participating in the Title IV Programs are also subject to the requirements for the treatment of Title IV funds when a student withdraws. The final regulations explain that lenders are allowed to make FFEL program loan disbursements directly to a

Consumer Information Cite
Section 485(a)(1)(F), 34 CFR 668.43]
For more information see chart on Institutional and Financial Assistance Information for Students at the end of Chapter 7.

Lender Notification to Foreign Schools Cite
34 CFR 682.207

student who is attending a foreign school. This provision was added because, as a result of these direct disbursements, a foreign school would not necessarily know that a student had received a disbursement and would not be able to properly determine the return of Title IV funds if the student withdrew. Now, a lender making a direct disbursement to a student attending a foreign school must notify the school of the disbursement was made. As a part of the notification, the lender must provide the information necessary for the school to determine the amount of Title IV funds that the student has earned if the student withdraws. This information is:

- the name and social security number of the student;
- the name and social security number of the parent borrower, if the loan disbursed is a PLUS loan;
- the type of loan;
- the amount of the disbursement, including the amount of any fees assessed the borrower;
- the date of the disbursement; and
- the name, address, telephone number, and fax number or electronic address of the lender, servicer, or guaranty agency to which any inquiries should be addressed.

Recipient of SFA Grant or Loan Assistance

A student for whom the requirements of 668.164(g)(2) have been met.

Definition of a Title IV Recipient

These requirements for the treatment of Title IV funds when a student withdraws apply to any recipient of SFA grant or loan funds who withdraws. For purposes of these requirements, a “recipient of grant or loan assistance” is a student who has actually received Title IV funds **OR** has met the conditions that entitle the student to a late disbursement. These conditions are listed in a chart on Late Disbursements in Chapter 5 of this volume.

These requirements apply only to the receipt of or qualification for aid that could be included in the calculation. For example, the requirements of §668.22 do not apply to Federal Work-Study funds. Therefore, a student would not be considered a SFA recipient if the only Title IV Program assistance that the student had received or could have received was FWS funds. For more information on the types of Title IV Program assistance included in the calculation, see the discussion of “Funds to Include in the Calculation” under Step 1.

Rounding

Monetary amounts are to be reported in dollars and cents using standard rounding rules to round to the nearest penny. Final repayment amounts that the school and student are each responsible to return may be rounded to the nearest dollar.

Percentages are calculated to three decimal places. The third decimal place is rounded up if the fourth decimal place is 5 or above. For example, .4486 would be rounded to .449, or 44.9 percent.

Note: The one exception to this rule is in the determination of the percentage of Title IV Program assistance earned. A student who withdraws at any point **after the 60%** point in the payment period or period of enrollment has earned 100% of their Title IV funds. If the standard rounding rules were used in this situation, a quotient of .6001 through .6004, (which is greater than 60%), would be rounded down to .600 (60%). Therefore, to recognize that students completing more than 60% of the period (by any amount) earn 100% of their Title IV Program assistance, **amounts of .6001 through .6004 are not rounded.**

Basic Information

From this point on, this chapter will discuss issues in the order in which they occur on the worksheets.

Date of the institution's determination that the Student Withdrew

Some aspects of the withdrawal process cannot occur until the school is aware that the student has withdrawn. For example, a school cannot be expected to return Title IV funds for a withdrawn student unless the school knows that the student is no longer in attendance. The “date of the institution’s determination that the student withdrew” captures the point in time when a school could reasonably be expected to be aware that a student withdrew.

The date of the institution’s determination that the student withdrew varies depending on the type of withdrawal. For example, if a student who provides official notification to the school of his or her intent to withdraw, the date of the institution’s determination that the student withdrew would be the same as the student’s withdrawal date. If a student who did not provide notification of his or her withdrawal, the date of the institution’s determination that the student withdrew would be the date that the school becomes aware that the student ceased attendance. The types of withdrawal and the corresponding definition of the date of the institution’s determination that the student withdrew are listed in the chart on Withdrawal Dates at the end of this chapter. Note that, for a student who withdraws without providing notification to the school, the school must determine the withdrawal date no later than 30 days after the end of the earlier of 1) the payment period or period of enrollment (as applicable), 2) the academic year, or 3) the student’s educational program.

As noted above, the “date of the institution’s determination that the student withdrew” is not necessarily the same as a student’s withdrawal date. A student’s withdrawal date is used to determine the percentage of the payment period or period of enrollment completed and, therefore, the amount of aid a student has earned. **The date of the institution’s determination that the student withdrew is used in the following circumstances:**

- A school must offer any amount of a post-withdrawal disbursement that is not credited to the student's account within 30 days of this date;
- If the student or parent submits a timely response that instructs the school to make all or a portion of the post-withdrawal disbursement, the school must disburse the funds within 90 days of this date;
- A school must document a student's withdrawal date and maintain the documentation as of this date;
- Within 30 days of this date, a school must notify a student if a grant overpayment is due;
- A school that is collecting an overpayment must require repayment of the full amount of the overpayment within two years of this date;
- The school must return the amount of Title IV funds for which it is responsible no later than 30 days after this date; and
- The amount of aid disbursed as of this date is used to determine the amount of unearned aid that must be returned.

Use of Payment period or Period of Enrollment

The worksheets have a school indicate whether the calculation is being done on a payment period or period of enrollment basis. For students who withdraw from standard term-based educational programs (semester, trimester, or quarter), a school must determine the treatment of the student's Title IV Program assistance on a payment period basis. For students who withdraw from a nonstandard term-based or non-term based educational program, the school has the choice of determining the treatment of the student's SFA, program assistance on either a payment period basis or a period of enrollment basis. The same period is used for all purposes of the calculation.

Payment period

The definition of a payment period is the same definition used for other Title IV Program purposes. This definition is found in 34 CFR 668.4. For more information, see Chapter 2.

Period of enrollment

For students who withdraw from a nonstandard term-based or non-term based educational program, the school has the choice of determining the treatment of the student's Title IV Program assistance on either a payment period basis or a period of enrollment basis. The school must use the chosen period consistently **for all students** in the program, except that a school may make a separate selection of payment period or period of enrollment for the calculations for students who transfer to the school and for those who reenter the school for students who attend a nonterm-based or a nonstandard term-based educational program.

Period of Enrollment

The academic period established by the school for which institutional charges are generally assessed (i.e., length of the student's program or academic year)

For example, a school using a payment period for the students who have been in attendance from the beginning of the program may decide to use a period of enrollment for transfer and reentry students because these students are more likely to have a short, non-standard payment period that would have to be completed before their schedules could fit into the standard payment periods at the school. **The periods used for transfer and re-entry students do not have to be the same.** A school may choose to use a payment period for transfer students and a period of enrollment for re-entry students.

Applicability

The use of a payment period or period of enrollment is important for many aspects of the calculation. For example, if a school is determining the treatment of Title IV funds on a payment period basis, the student's Title IV Program assistance that is used in the calculation is the aid that is disbursed or that could have been disbursed for the payment period. Also, the institutional charges used in the calculation would have to reflect the charges for the payment period. Additional guidance is provided in the following discussions.

Step 1: Student's Title IV Aid Information

The worksheet begins by gathering information about the student's Title IV aid grant and loan assistance.

Funds to Include in the Calculation

The calculation of earned Title IV Program assistance includes all SFA grant and loan funds that were disbursed or that could have been disbursed to a student. Federal Work-Study (FWS) funds are not included in the calculation. In addition, Federal Supplemental Educational Opportunity Grant (FSEOG) program funds and Leveraging Education Assistance Partnership (LEAP) program funds, formerly known as the State Student Incentive Grant (SSIG) program funds, are excluded under certain circumstances.

FSEOG Program Funds

The non-Federal share of FSEOG program funds are excluded when a school meets its FSEOG matching share by either the individual recipient method or the aggregate method. In other words, if a school meets its matching share requirement by putting funds in the FSEOG fund (otherwise known as the fund-specific matching method), those funds must be included; otherwise, the non-Federal share of FSEOG awards is excluded from the calculation. For more information on FSEOG funds see the SFA Handbook: Campus-Based Programs Reference.

LEAP Program Funds

Funds from the LEAP program must be treated in accordance with the guidance of Dear Colleague Letter GEN-89-38, which addresses the treatment of LEAP funds when a student withdraws. This policy provides that, if a State agency specifically identifies a student's State grant as LEAP funds, the entire amount of the grant must be included in the calculation of earned Title IV funds. If a school does not know whether a particular student's State grant contains LEAP funds, the

grant would not have to be included in the calculation. The Department will provide updates to the guidance of GEN-89-38 once these regulations are final.

Title IV Aid Disbursed or that Could Have Been Disbursed

A school must calculate the amount of earned Title IV funds by applying a percentage to the total amount of Title IV Program assistance that was disbursed, or that could have been disbursed. Under Step 1 of the worksheet, a school fills in the amount of each type of Title IV aid that was disbursed or that could have been disbursed. **When entering the amount of loan funds, a school should enter the net amount** disbursed or that could have been disbursed. The determination of which funds were disbursed, versus those that could have been disbursed is made as of the date of the school's determination that the student withdrew.

Title IV Aid Disbursed

Generally, a student's Title IV funds are disbursed when a school credits a student's account with the funds or pays a student or parent directly with:

- Title IV funds received from the Department,
- FFEL funds received from a lender, or
- Institutional funds labeled as Title IV funds in advance of receiving actual Title IV funds.

There are a couple of exceptions to this definition. For a complete discussion of the definition of disbursed Title IV funds, see Chapter 5.

A student's aid is counted as "disbursed" for the calculation if it is disbursed as of the date of the institution's determination that the student withdrew. Using the date of the institution's determination that the student withdrew rather than the student's withdrawal date, allows the school to delay returning inadvertent overpayments made to a student who is no longer in attendance. For example, a student dropped out on a Friday. Because the school was unaware that the student was no longer in attendance, it made a scheduled disbursement of aid to the student on the next Monday. A school is not required to immediately return the inadvertent overpayment since a portion of those funds may have been earned and would have to be re-disbursed as a post-withdrawal disbursement. If any of the overpayment has not been earned, it would be returned in accordance with the requirements of this section for the return of unearned funds.

Schools are expected to have the administrative capability to prevent these types of overpayments on a routine basis, particularly if funds are being paid to the student rather than credited to a student's account. A pattern or practice of making these inadvertent overpayments would be questioned in a program review. Inadvertant

overpayments are permitted to be included in the calculation of total aid disbursed only for purposes of easing a school's administrative burden in what should be a very limited number of circumstances. This provision would not supercede the requirements that a school may disburse Title IV funds only if the student is enrolled for classes for the payment period and is eligible to receive those funds.

A school may not alter the amounts of Title IV grant and loan funds that were disbursed prior to the school's determination that the student withdrew. For example, a school may not replace a withdrawn student's loan funds with grant funds that the student was otherwise eligible to receive before performing the calculation for the treatment of Title IV funds when a student withdraws.

Title IV Aid that Could Have Been Disbursed

In addition to aid disbursed, aid that could have been disbursed is also used in the calculation. Title IV aid that could have been disbursed is grant or loan funds for which the student meets the conditions for a late disbursement. These conditions are discussed in Chapter 5.

Note that the amount of Title IV funds that could have been disbursed does not include Title IV funds that the student was not otherwise eligible to receive at the time he or she withdrew. For example, a first-year, first-time borrower who withdraws before the 30th day of his or her program of study would not be eligible to receive any FFEL or Direct Loan funds at the time he or she withdrew (unless the school is exempt from the "30-day delay" provisions in section 428G of the HEA). Therefore, for this student, no amount of an FFEL or Direct Loan may be included in the calculation of the treatment of Title IV Program assistance. If a school is exempt from the 30-day delay provision but chooses to delay the student's FFEL or Direct Loan funds, those funds would count as aid that could have been disbursed.

Title IV funds that could have been disbursed also do not include second or subsequent disbursements of FFEL or Direct loans that are prohibited unless the student has graduated or successfully completed the period of enrollment for which the loan was intended.

Step 2: Percentage of Title IV Aid Earned

The percentage of Title IV aid earned is determined differently for credit hour program withdrawals and clock hour program withdrawals. The requirements for determining a student's withdrawal date, however, differ based on whether a school is required to take attendance or not. The withdrawal date is used to determine the point in time that the student withdrew so the percentage of the payment period or period of enrollment completed by the student can be determined. The percentage of Title IV aid earned is equal to the percentage of the payment period or period of enrollment completed.

If the day the student withdrew occurs on or before the student completed 60 percent of the payment period or period of enrollment,

Title IV grant or loan funds that could have been disbursed
Determined in accordance with the late disbursement provisions in §668.164(g).

the percentage earned is equal to the percentage of the payment period or period of enrollment that was completed. If the day the student withdrew occurs after the student has completed 60 percent of the payment period or period of enrollment, the percentage earned is 100 percent.

Withdrawal Date

This definition of “withdrawal date” is required for Title IV Program purposes only—including the withdrawal date that a school must report to a lender if FFEL Program funds were received, or to the Department if Direct Loan Program funds were received. A school may, but is not required to use these withdrawal dates for their own institutional refund policies.

Note that the definition of withdrawal date is for purposes of determining the amount of aid a student has earned. Do not confuse it with the “date of the institution’s determination that the student withdrew” which is used for other purposes. See page 2-91 for the definition of the date of the institution’s determination that the student withdrew.

Withdrawal date for a student who withdraws from a school that is required to take attendance.

If a school is required to take attendance, a student’s withdrawal date is the last date of academic attendance as determined by the school from its attendance records. This date is used for all students who cease attendance, including those who do not return from an approved leave of absence, or take an unapproved leave of absence (see the discussion of leaves of absence in Chapter 3 of this volume).

A school may **not** use the date of the institution’s determination that the student withdrew as a basis for determining the student’s withdrawal date. For example, if a school’s records show a student’s last date of academic attendance is November 15, but the school is not aware that the student left until November 22, the student’s withdrawal date is November 15, not November 22.

Only a school that is required to take attendance by an outside entity (see below) is considered a school that is required to take attendance for purposes of calculating the amount of Title IV Program assistance earned when a student withdraws. A school that elects to take attendance, including a school that voluntarily complies with an optional attendance requirement of an outside entity, is not considered a school that is required to take attendance.

Attendance Requirements of Outside Entities

Examples of outside agencies that may require a school to take attendance are a school’s accrediting agency or a school’s state licensing agency. If any requirements of an outside entity result in a school having to take attendance, the school would be considered a school that is required to take attendance.

For example, if the state agency requires the school to refund tuition and fees based on the student's last date of class attendance or the state agency regulations require the school to drop a student if the student misses more than a certain number of days or hours in a term, the school would be considered a school that is required to take attendance for purposes of determining a student's withdrawal date.

If a school is required to take attendance for only some students by an outside entity (for example, the Veteran's Administration), the school must use those attendance records for only those students to determine the student's withdrawal date (the last date of academic attendance). The school would not be required to take attendance for any of its other students, or to use attendance records to determine any of its other students' withdrawal dates, unless the school is required to take attendance for those students by another outside entity.

For example, 10 students at Peabody University receive assistance from the State. The State requires the school to take attendance for the recipients of the State's education benefits. Peabody University is not required by any other outside entity to take attendance for any of its other students. Seven of the 10 students who receive State benefits are also Title IV program recipients. If any of those seven students withdraw from the school, the school must use the State required attendance records for those students. For all other Title IV program recipients at Peabody University who withdraw, the school must determine the withdrawal date in accordance with the requirements for students who withdraw from a school that is not required to take attendance.

Documentation

A school must document a student's withdrawal date and maintain that documentation as of the date of the institution's determination that the student withdrew. If a school is required to take attendance, it is up to school to ensure that accurate attendance records are kept for purposes of identifying a student's last date of academic attendance. A school must also determine which attendance records most accurately support its determination of a student's withdrawal date and support its use of one date over another if the school has conflicting information.

Determining a student's withdrawal date at a school that is not required to take attendance.

If a school is not required to take attendance, the determination of a withdrawal date varies with the type of withdrawal. The chart on Withdrawal Dates at the end of this chapter lists the withdrawal date for the various types of withdrawals, as well as the date of the institution's determination that the student withdrew for each type of withdrawal.

Official Notification

A student may provide official notification of his or her intent to withdraw by following the school's withdrawal process. In this case, the withdrawal date is the date the student begins the school's withdrawal process. A student may also provide official notification in other ways. If a student otherwise provides official notification (as explained below), the withdrawal date is the date notification was provided. If a student both begins the school's withdrawal process and otherwise provides official notification of his or her intent to withdraw, the earlier of the two withdrawal dates is the withdrawal date, which must be used for purposes of this calculation.

These withdrawal dates apply even if a student begins the school's withdrawal process or otherwise notifies the school of his or her intent to withdraw and projects a future last date of attendance. For example, if on May 5 a student provided notification of his intent to cease attending the school beginning on May 10, the withdrawal date is May 5. **A school that is not required to take attendance may always use a last date of attendance at an academically-related activity as a student's withdrawal date** (this is discussed in detail below). Therefore, the school may use May 10 as the student's withdrawal date if it documents that date as the student's last date of attendance at an academically-related activity.

Likewise, a school could use an earlier last documented date of attendance at an academically-related activity if this date more accurately reflects the student's withdrawal date than the date the student begins the school's withdrawal process or notifies the school of his or her intent to withdraw.

If a student provides notification of his or her intent to withdraw but does not withdraw, no calculation is required. These requirements for the treatment of Title IV funds do not apply to a student who does not actually cease attendance at the school.

School's withdrawal process

Again, for a student who provides official notification of his or her intent to withdraw by following the school's withdrawal process, the withdrawal date is the date the student begins the school's withdrawal process. The beginning of the school's withdrawal process must be defined. This is left up to the school. Schools are required to make available to students a statement of the requirements for officially withdrawing from the school. The school is expected to identify the beginning of its process as a part of this information (for more information, see Chapter 7). A school should be able to demonstrate consistent application of its withdrawal process, including its determination of the beginning of the process.

Otherwise provides official notification

Official notification to the school occurs when a student notifies an office designated by the school of his or her intent to withdraw. In its written description of its withdrawal procedures a school must designate at least one office for this purpose. For example, a school could designate a dean's, registrar, or financial aid office. If a student provides notification to an employee of that office while that person is acting in his or her official capacity, the student has provided official notification. If the student provides notification to an employee of that office while that person is not acting in his or her official capacity (for example, the student runs into her financial aid officer at the grocery store) we would expect the employee to inform the student of the appropriate means for providing official notification of his or her intent to withdraw.

Official notification from the student is any official notification, that is provided in writing or orally. For example, acceptable official notification would include notification by a student via telephone, through a designated web site, or notification provided orally in person. The responsibility for documenting oral notifications is the school's; however, the school may request, but not require, the student to confirm his or her oral notification in writing.

"Intent to withdraw" means that the student indicates he or she has either ceased to attend the school and does not plan to resume academic attendance, or believes at the time he or she provides notification that he or she will cease to attend the school. A student who contacts a school and only requests information on aspects of the withdrawal process, such as the potential consequences of withdrawal, would not be considered a student who is indicating that he or she plans to withdraw. However, if the student indicates that he or she is requesting the information because he or she plans to cease attendance, the student would be considered to have provided official notification of his or her intent to withdraw.

When a student triggers both dates

A student might both begin the school's withdrawal process and otherwise provide official notification to the school of his or her intent to withdraw. For example, on November 1, a student calls the school's designated office and states his or her intent to withdraw. Later, on December 1, the student begins the school's withdrawal process by submitting a withdrawal form. If both dates are triggered, the earlier date, November 1 in this case, is the student's withdrawal date.

Again, remember that a school that is not required to take attendance is always permitted to document a later "last date of academically-related attendance" as the student's withdrawal date.

Official Notification Not Provided by the Student

A student who leaves a school does not always notify the school of his or her withdrawal. There are two categories of these unofficial withdrawals for purposes of this calculation. First, if the school determines that a student did not begin the withdrawal process or otherwise notify the school of the intent to withdraw due to illness, accident, grievous personal loss, or other circumstances beyond the student's control, the withdrawal date is the date the school determines from its consideration of circumstances beyond a student's control. The second category of unofficial withdrawals encompasses all other withdrawals where official notification is not provided to the school. For these withdrawals, commonly known as "drop-outs," the withdrawal date is the midpoint of the payment period or period of enrollment, as applicable. Once again, this is strictly for schools that are not required to take attendance.

Withdrawal without student notification due to circumstances beyond the student's control

There are two circumstances in which the special rule applies that define a withdrawal date for a student who withdraws due to circumstances beyond the student's control. They apply when: (1) a student who would have provided official notification to the school of his or her intent to withdraw was prevented from doing so due to those circumstances; and (2) a student withdrew due to circumstances beyond the student's control and a second party provided notification of the student's withdrawal on the student's behalf.

A school may determine the withdrawal date that most accurately reflects when the student ceased academic attendance due to the circumstances beyond the student's control. This date would not necessarily have to be the date of the occurrence of the circumstance. For example, if a student is assaulted, he or she may continue to attend school, but ultimately not be able to complete the period because of the trauma experienced. Because the student's withdrawal was the result of the assault, the withdrawal date would be the date the student actually left the school, not the date of the assault. A school should document that the student left at the later date because of issues related to the assault.

All other withdrawals without student notification

For all other withdrawals without notification, the withdrawal date is the midpoint of the payment period or period of enrollment, as applicable.

It is the responsibility of the school to develop a mechanism for determining whether a student who is a recipient of Title IV grant or loan funds has ceased attendance without notification during a payment period or period of enrollment. The requirement that a school identify students who have dropped out during a payment period or period of enrollment is not new. Under the Title IV refund

requirements a school was required to identify drop outs. As part of this, **a school should have a mechanism in place for identifying and resolving instances where attendance through the end of the period could not be confirmed for a student.**

Leave of Absence Related Withdrawals

If a student does not return to the school at the expiration of an approved leave of absence, or a student takes an unapproved leave of absence, the student's withdrawal date is the date the student began the leave of absence. Leaves of absence, including the definition of an approved and an unapproved leave of absence, are discussed in detail in Chapter 3 of this volume.

Withdrawals After Rescission of Official Notification

A student may provide official notification to the school of the intent to withdraw, and then change his or her mind. To allow a student to rescind his or her intent to withdraw for purposes of this calculation, the school must obtain a written statement from the student stating his or her intent to remain in academic attendance through the end of the payment period or period of enrollment. If the student subsequently withdraws after rescinding an intent to withdraw, (without returning to school) the withdrawal date is the date the student first provided notification to the school or began the school's withdrawal process, unless the school chooses to document a last date of attendance at an academically-related activity.

As noted previously, a school may always use the last date of attendance at an academically-related activity to take into account attendance by the student subsequent to the student's first notification of withdrawal. For example, Dave notifies his school of his intent to withdraw on January 5. On January 6, Dave notifies the school that he has changed his mind and has decided to continue to attend the school, and provides the required written statement to that effect. On February 15, Dave notifies the school that he is withdrawing, and actually does. The school has a record of an exam that Dave took on February 9. The school may use February 9 as Dave's withdrawal date. If the school could not or did not choose to document a last date of attendance at an academically-related activity for Dave (in this case, the record of the exam), his withdrawal date would be January 5, the date of Dave's original notification of his intent to withdraw, not February 15.

Last Date of Attendance at an Academically-Related Activity

A school that is not required to take attendance may always use a student's last date of attendance at an academically-related activity, as documented by the school, as the student's withdrawal date, in lieu of the withdrawal dates listed above. So, if a student begins the school's withdrawal process or otherwise provides official notification of his or her intent to withdraw and then attends an academically-related activity after that date, the school would have the option of using that last actual attendance date as

the student's withdrawal date, provided the school documents the student's attendance at the activity. Similarly, a school could choose to use an earlier date if it believes the last documented date of attendance at an academically-related activity more accurately reflects the student's withdrawal date than the date on which the student began the school's withdrawal process or otherwise provided official notification of his or her intent to withdraw.

The school must document

- **that the activity is academically related, and**
- **the student's attendance at the activity.**

The concept of using a last date of attendance at an academically-related activity as a student's withdrawal date is a longstanding one for the Title IV Programs. Examples of academically-related activities are: an exam, a tutorial, computer-assisted instruction, academic counseling, academic advisement, turning in a class assignment, or attending a study group that is assigned by the school. Examples of activities that are not academically related would be living in institutional housing or participating in the school's meal plan. A school is not required to take class attendance in order to demonstrate academic attendance for this purpose.

Activities that meet this definition of an academically-related activity would not necessarily count as instructional time for purposes of the "12-hour rule" found in the definition of "academic year" and in the definition of an eligible program (see Chapters 1 and 2).

Documentation

A school must document a student's withdrawal date and maintain that documentation as of the date of the institution's determination that the student withdrew. Note that the determination of a student's withdrawal date is the responsibility of the school. Therefore, if a school is using a last date of attendance at an academically-related activity as the withdrawal date, the school, not the student, must document the student's attendance. **A student's certification of attendance that is not supported by school documentation would not be acceptable documentation of the student's last date of attendance at an academically-related activity.**

Leaves of Absence

A leave of absence must meet certain conditions to be counted as a temporary interruption in a student's education, rather than as a withdrawal for the calculation of the treatment of Title IV funds when a student withdraws. If a leave of absence does not meet the conditions, the student is considered to have ceased attendance at the school (and therefore to have withdrawn from the school).

A leave of absence refers to the specific time period during an on-going program when a student is not in academic attendance. It does

not include non-attendance for a scheduled break in a student’s program.

Term-based credit hour schools often allow students to receive an “incomplete” status for coursework, that can be, and is expected to be, completed within a reasonable timeframe after the term is over. For example, a student may request and receive an “incomplete” because he or she failed to turn in an assigned paper. If a student is assigned an “incomplete” status but the school determines that the student will likely complete the required coursework, the student could be considered not to have withdrawn. If the school assigns a student a leave status other than a leave of absence just to keep the student from having to re-apply the next semester, the student would be considered to have withdrawn, unless he or she was granted an approved leave of absence under the provisions of this section. As discussed below, a student on an approved leave of absence must be permitted to complete the coursework he or she began prior to the leave of absence.

When a student returns from an approved leave of absence the payment period or period of enrollment used for a return calculation would be adjusted to reflect the new ending date. In order to prevent a situation where a student is able to earn funds simply by taking a leave of absence, those days of the leave of absence must be excluded from the calculation of the percentage of the payment period or period of enrollment completed.

A student who is granted an approved leave of absence is considered to remain in an in-school status for Title IV loan repayment purposes. However, as discussed previously, if a student does not return from an approved leave of absence, the student’s withdrawal date, and the beginning of the student’s grace period, is:

- for a student who withdraws from a school that is not required to take attendance, the date the student began the leave of absence, or
- for a student who withdraws from a school that is required to take attendance, the last date of academic attendance as determined by the school from its attendance records.

Subsequently, if a student on an approved leave of absence fails to return, a school must report to the loan holder the student’s change in enrollment status as of the withdrawal date.

Approved Leaves of Absence

For purposes of this calculation, a school does not have to treat a leave of absence as a withdrawal if it is an approved leave of absence. As noted above, the requirements for not treating a leave of absence as a withdrawal also apply to terminating a student’s in-school status for a Title IV loan. A leave of absence is an approved leave of absence if-

- It is the only leave of absence granted to the student in a 12-month period (see exceptions listed below);
- The school has a formal written policy regarding leaves of absence;
- The student followed the school's policy in requesting the leave of absence;
- The school approved the student's request in accordance with the school's policy;
- The school determines that there is a reasonable expectation that the student will return to the school;
- The leave of absence does not involve additional charges by the school;
- The leave of absence does not exceed 180 days in any 12-month period;
- Upon the student's return from the leave of absence, the student is permitted to complete the coursework he or she began prior to the leave of absence; and
- If the student is a Title IV loan recipient, the school explains to the student, prior to granting the leave of absence, the effects that the student's failure to return from a leave of absence may have on the student's loan repayment terms, including the exhaustion of some or all of the student's grace period.



Number of Leaves of Absence in a 12-month Period

Generally, only one leave of absence may be granted to a student in a 12-month period. However, more than one leave of absence may be granted for the limited, well-documented cases due to unforeseen circumstances that are listed below.

Provided that the total number of days of all leaves of absence does not exceed 180 days in any 12-month period, an institution may treat as an approved leave of absence—

- One additional leave of absence if it does not exceed 30 days and the school determines that it is necessary due to unforeseen circumstances. This type of leave of absence would have to be subsequent to the granting of the single leave of absence, which is granted at the school's discretion; and
- Subsequent leaves of absence if the school documents that they are granted for jury duty, military reasons, or circumstances covered under the Family and Medical Leave Act of 1993 (FMLA) (Public Law 103-3), enacted February 5, 1993.

The circumstances that are covered under the FMLA, as applied to students, are:

- birth of a son or daughter of the student and the need to care for that son or daughter (for 12 months beginning from the date of birth of the child),
- placement of a son or daughter with the student for adoption or foster care (for 12 months beginning on the date of the placement),
- need to care for the student's spouse, or a son, daughter, or parent, if the spouse, son, daughter, or parent has a serious health condition, and
- serious health condition that makes the student unable to function as a student.

The definitions of terms taken from the FMLA and its implementing regulations (29 CFR Part 825) are applicable for these criteria. The statutory language, with links to the implementing regulations, can be found on the Internet at <http://www.dol.gov/dol/esa/public/regs/statutes/whd/fmla.htm>

Two of the circumstances that are covered under the FMLA, birth and care of a child, and adoption or foster care placement, are covered for up to 12 months for purposes of the FMLA. For purposes of the Title IV programs, this means a student may be granted an approved leave of absence for these circumstances, as long as:

- the entire leave of absence will occur during this 12 month period of time, and
- the total number of days of all leaves of absence for the student does not exceed 180 days in the 12-month period that began on the first day of the student's first leave of absence.

For example, a student's child is born on February 1, 2000. The student has never taken an approved leave of absence before. The student may be granted an approved leave of absence for the birth of and/or care of the child for up to 180 days during the period of February 1, 2000 through February 1, 2001, 12 months from the birth date of the child. If the student requests a subsequent leave of absence to care for the child that would begin on January 1, 2001, the leave of absence could be no longer than 31 days, because the circumstance that triggered the leave of absence would no longer be covered under the FMLA after February 1, 2001.

A school may accept one request for multiple leaves of absence from a student when those leaves are all requested for the same reason. For example, a student who will be receiving multiple chemotherapy treatments over the course of the student's enrollment could submit one request to cover the recovery time needed for each session.

Formal Policy

A “formal policy” is one that requires a student to provide a written, signed, and dated request for a leave of absence prior to the leave of absence, unless unforeseen circumstances prevent the student from doing so. For example, if a student was injured in a car accident and needed a few weeks to recover before returning to school, the student would not have been able to request the leave of absence in advance. A school may grant a leave of absence to a student who did not provide the request prior to the leave of absence due to unforeseen circumstances if the school documents its the reason for its decision and collects the request from the student at a later date.

A school must put its leave of absence policy in writing and publicize it to students. This requirement would be met by including the policy with the one-time dissemination of other consumer information (see Chapter 7).

Reasonable Expectation of Return

This condition is specified to make clear that a school may not grant a student a leave of absence merely to delay the return of unearned Title IV funds.

No Additional Charges

A leave of absence is a temporary break in the student’s attendance during which, for purposes of determining whether a calculation for the treatment of Title IV funds when a student withdraws applies, the student is considered to be enrolled. Since students are not assessed additional charges for continuing enrollment, any additional charges to a student, even de minimus re-entry charges, indicate that the student is not considered to be on an approved leave of absence.

Does Not Exceed 180 Days in any 12-month Period

The 12-month period would begin on the first day of the student’s leave of absence.

Completion of Coursework Upon Return

In order for a leave of absence to be an approved leave of absence, the school must permit the student to complete the coursework that he or she began prior to the leave of absence. Approved leaves of absence are viewed as temporary interruptions in a student’s attendance. Therefore, when a student returns from a leave of absence, the student should be continuing his or her education where he or she left off.

Explanation of Consequences of Withdrawal to Loan Recipient

As discussed previously, if a student does not return from an approved leave of absence, the student’s withdrawal date is the date the student began the leave of absence. One consequence of this is that some or all of a student’s grace period will be exhausted for a Title IV program loan. **Therefore, in order for a leave of**

absence to be an approved leave of absence, a school must inform a student who is a Title IV loan recipient of the possible consequences a withdrawal may have on the student's loan repayment terms, including the exhaustion of some or all of the student's grace period. A student who has exhausted his or her grace period and is unable to begin repayment of a loan may apply for a deferment or forbearance of payment (See The SFA Handbook: Direct Loan and FFEL Program Reference for more information).

Unapproved Leaves of Absence

A school may grant a student a leave of absence that does not meet the conditions for an “approved” leave of absence (for example, for academic reasons). However, any leave of absence that does not meet all of the conditions for an approved leave of absence is considered a withdrawal for Title IV purposes. The student's withdrawal date is the date the student begins the leave of absence.

An unapproved leave of absence may not be treated as an unofficial withdrawal. An unofficial withdrawal is one where the school has not received notice from the student that the student has ceased or will cease attending the school. If a school has granted a student an unapproved leave of absence, the school would be aware of when the student will cease attendance.

Percentage of Payment Period or Period of Enrollment Completed.

Once a student's withdrawal date is determined, a school needs to determine the percentage of the payment period or period of enrollment completed. The percentage of the payment period or period of enrollment completed is equal to the percentage of aid earned by the student. This percentage is determined differently for students who withdraw from credit hour programs and students who withdraw from clock hour programs.

Credit Hour Programs

For a credit hour program, the percentage of the period completed is determined by dividing the number of calendar days completed in the payment period or period of enrollment by the total number of calendar days in the same period, as of the day the student withdrew. The total number of calendar days in a payment period or period of enrollment includes all days within the period, except for scheduled breaks of at least five consecutive days. Days in which the student was on an approved leave of absence would also be excluded. The day the student withdrew is counted as a completed day.

Scheduled breaks

Breaks of five or more consecutive days are excluded in order to provide for more equitable treatment to students who withdraw near each end of a scheduled break. In those instances, the student who withdrew after the break would not be given credit for earning an

additional week of funds during the scheduled break, but would instead earn only an additional day or two more funds than a student who withdrew right before the start of the break. All days between the last scheduled day of classes before a scheduled break and the first day classes resume are excluded. For example, where classes end on a Friday and do not resume until Monday following a one-week break, both weekends would be excluded from the return calculation. If classes were taught on either weekend for the programs that were subject to the scheduled break, those days must be counted.

For a program that regularly meets each Saturday and/or Sunday, the days between classes are not excluded because they were not part of any regularly scheduled break. If classes were not held on at least one of the normally scheduled days of a weekend, the period from the last scheduled day of class before the scheduled break until the next scheduled day of class after the break would be excluded from the number of days in the period of enrollment used in the return calculation.

Clock Hour Programs

Under the Title IV refund requirements, schools were allowed to use only clock hours actually completed by the student upon his or her withdrawal. Hours that were scheduled to be completed by the student at the time of withdrawal could not be used. The new law provides that for the determination of the treatment of Title IV funds when a student withdraws, scheduled hours may be used to determine the percentage of the period completed by the student if certain conditions are met.

Calculation 1 on the Clock hour worksheet determines whether the student withdrew after the student has actually completed 60 percent of the payment period or period of enrollment. If the student did withdraw after actually completing at least 60 percent of the payment period or period of enrollment, the student has earned 100 percent of his or her aid so it is not necessary to determine whether scheduled hours may be used. If a student withdrew on or before the 60 percent point, the school should proceed to Calculation 2 to determine if scheduled hours may be used.

Use of Scheduled Hours

If the clock hours completed by the student as of his or her withdrawal are equal to at least 70 percent of the hours that were scheduled to be completed by the student as of his or her withdrawal, scheduled hours are used to determine the percentage. Put another way, students who complete at least 70 percent of their scheduled hours before they withdraw earn Title IV funds based upon their total scheduled hours for the time they were enrolled, rather than the hours the student completed. Calculation 2 first determines the percentage of scheduled hours completed. If this amount is equal to or greater than 70 percent, scheduled hours are used and the school

should proceed to the second part of Calculation 2. If the percentage of scheduled hours completed is less than 70 percent, completed hours must be used in the calculation of the percentage of the period completed. Because Calculation 1 determined the percentage of the period completed using completed hours, the result of that calculation is the percentage of the period completed.

For example, if a student withdraws after completing 230 hours in a 450 clock hour payment period, and the student was scheduled to have completed 280 hours of the program at the time he or she withdrew, that student has completed 82 percent of the scheduled hours ($230/280$) for the time he or she was enrolled. In this case, the student met the attendance threshold of 70 percent and, therefore, the school would use the 280 scheduled hours, rather than the 230 hours that were actually completed, in the calculation of the percentage of the period completed. If the same student had completed 230 clock hours while he or she was scheduled to have completed 335 hours at the point of withdrawal, the student's attendance rate would have been less than 70 percent ($230/335=69$ percent) and only the 230 completed hours would be used in the calculation.

The second part of Calculation 2, which uses scheduled hours to determine the percentage of the period completed, notes that **using scheduled hours the percentage of the period completed may be greater than 60 percent.** This is because only students who actually complete more than 60 percent of the hours in the payment period or period of enrollment earn 100 percent of the Title IV funds. In the example above, the school determined that the student may be paid for 280 scheduled hours in the 450 clock hour payment period. The percentage of the payment period completed would be 62 percent ($280/450$), even though the student actually completed only 51 percent of the total hours ($230/450$). However, the student would not earn 100 percent of the Title IV funds because the 230 clock hours completed were less than 60 percent of the 450 clock hours in the payment period, even though the 280 scheduled clock hours at the time of withdrawal were above the 60 percent point. The student would earn 62 percent of the Title IV funds that were disbursed or that could have been disbursed rather than the 51 percent the student would have earned if completed hours were used in the calculation.

If a student has completed more hours than he or she was scheduled to complete as of his or her withdrawal, completed hours may be used rather than scheduled hours.

Excused Absences

Excused absences do not count as completed hours in the calculation of the treatment of Title IV funds when a student withdraws. For students who withdraw from their programs, the absences must be counted as scheduled hours that were not completed. In order to be paid for those hours, the student must

satisfy the 70 percent attendance measure. The allowance of up to 30 percent of the scheduled hours to be missed is sufficient to cover most of the situations for unexpected absences. Remember that a school may grant a student a leave of absence if he or she is unable to attend the school for a period of time, but is planning to return to academic attendance (see the discussion of leaves of absence above). For students who do not withdraw from their programs, the existing policy of not requiring clock hours to be completed for excused absences of up to 10 percent of the program remains.

Step 3: Amount of Title IV Aid Earned by the Student

The amount of Title IV aid earned by the student is determined by multiplying the percentage of Title IV aid earned (box C on the worksheet) by the total of Title IV Program aid disbursed plus the Title IV aid that could have been disbursed to the student, or on the student's behalf (box B on the worksheet).

Step 4: Total Title IV Aid to be Disbursed or Returned

If the student receives less Title IV aid than the amount earned, the school must make a disbursement of the earned aid that was not received. This is called a post-withdrawal disbursement. If the student receives more Title IV aid than the amount earned, the school, or the student, or both, must return the unearned funds in a specified order.

Post-withdrawal Disbursements

If a post-withdrawal disbursement is due, a school stops here on the worksheet. A school may use the Post-Withdrawal Disbursement Tracking Sheet to track the handling of the post-withdrawal disbursement, or it may use a form developed locally. A school must track post-withdrawal disbursements.

The requirements for a post-withdrawal disbursement are similar in many areas to the requirements under Subpart K-Cash Management of the Student Assistance General Provisions regulations. However, in some cases, the post-withdrawal disbursement requirements differ from the cash management requirements.

Any post-withdrawal disbursement due must meet the current required conditions for late disbursements prior to the date the student became ineligible for a school to make a late disbursement. For example, the school must have received the student's Student Aid Report (SAR) or Institutional Student Information record (ISIR) with an official expected family contribution (EFC). These conditions are listed in a chart on Late Disbursements in Chapter 5 of this volume. Post-withdrawal disbursements differ from late disbursements in a couple of ways. While a school has the discretion to determine whether to make a late disbursement to a student who became ineligible solely because of a change in enrollment status, a school is required to make post-withdrawal disbursements. A late disbursement must be for incurred educational costs, and must be made within 90 days of the date the student becomes ineligible. The amount of a post-

withdrawal disbursement is determined by following the requirements for calculating earned Title IV aid, which have no relationship to incurred educational costs. Further, a post-withdrawal disbursement made as the result of a withdrawal must be made within 90 days of the date of the institution's determination that the student withdrew, rather than within 90 days of the date that the student becomes ineligible.

Crediting a Student's Account

The requirements for the treatment of Title IV funds when a student withdraws reflect the cash management requirements for disbursing Title IV funds. Specifically, a school is permitted to credit a student's account with a post-withdrawal disbursement without the student's (or parent's, in the case of a PLUS loan) permission for current charges for tuition, fees, and room and board (if the student contracts with the school) up to the amount of outstanding charges. For other current charges for educationally-related activities, the school would need a student's (or parent's for PLUS loan funds) authorization to credit the student's account. See Chapter 5 for more information.

A school is permitted to use a student's or parent's authorization, which is obtained prior to the student's withdrawal date for this purpose, so long as that authorization meets the cash management requirements for student or parent authorizations. If the school did not obtain authorization prior to the student's withdrawal, the school would have to obtain authorization in accordance with the cash management requirements before the school could credit the student's account for other current charges for educationally-related activities. (See Chapter 5 for more information on student and parent authorizations.) The school's request for the student's or parent's authorization must make clear that if the student or parent does not give permission for the school to credit the student's account with the Title IV funds, these funds will be disbursed directly to the student or parent, as applicable, if the student or parent accepts the funds. If a school does not have permission from the student (or parent for a PLUS loan) prior to the student's withdrawal and does not obtain that permission after the student's withdrawal, the undisbursed earned funds must be offered to the student and cannot be used by the school to pay remaining institutional charges other than for tuition, fees, and room and board (if the student contracts with the school).

A school may credit a student's account for **minor prior award year** charges in accordance with the cash management requirements (see Chapter 5). Schools should make every effort to explain to a student that all or a portion of his or her post-withdrawal disbursement has been used to satisfy any charges from prior award years.

Cash Management Requirements for Student and Parent Authorizations

§668.165(b)

See chart on Institutional and Financial Assistance Information for Students at the end of Chapter 7.

These requirements also mirror the current cash management provisions that require a school to provide notice to a student, or parent in the case of a PLUS loan, when the school credits a student's account with Direct Loan, FFEL or Federal Perkins Loan Program funds.

Notice to a Student Offering a Post-Withdrawal Disbursement

Earned funds in excess of those credited to a student's account must be provided to the student. However, in recognition of the difficulty a school may have in locating a withdrawn student, a school is required to offer in writing to the student (or parent for PLUS loan funds) any amount of a post-withdrawal disbursement that is not credited to a student's account. The written notification must include the information necessary for the student or parent to make an informed decision as to whether the student or parent would like to accept any of the disbursement. This notification would have to be provided for post-withdrawal disbursements of both SFA grant and loan funds that are available for direct disbursement.

A school must send the notification as soon as possible, but no later than 30 calendar days after the date that the school determines the student withdrew. The notice must identify the type and amount of the Title IV funds that make up the post-withdrawal disbursement, and explain that the student or parent may decline all or a portion of those funds. This information must be provided to permit a student or parent to determine which funds, if any, he or she wishes to decline.

In the notification, the school must advise the student or parent that they have 14 calendar days from the date the school sent the notification to accept a post-withdrawal disbursement. The notification must make it clear that if the student or parent does not respond to the notification within the timeframe, the school is not required to make the post-withdrawal disbursement. However, a school may choose to make a post-withdrawal disbursement based on acceptance by a student or parent after the 14 calendar days. If a response is not received from the student or parent within the permitted timeframe, or the student declines the funds, the school would return any earned funds that the school was holding to the Title IV programs.

If a student or parent submits a timely response accepting all or a portion of a post-withdrawal disbursement, the school must disburse the funds within 90 days of the date of the institution's determination that the student withdrew. The definition of the term "date of the institution's determination that the student withdrew" is addressed on page 2-91. Note that the date of the institution's determination that the student withdrew is the same date that triggers the 30-day period that the school has for notifying the student or parent of any post-withdrawal disbursement available for direct disbursement. Consequently,

the sooner a school sends the notification to a student or parent, the more time the school has to make any accepted post-withdrawal disbursement.

A school may use one notification to:

- (1) inform the student or parent that loan funds were credited to the student's account;
- (2) request permission to credit the student's account for other current charges for educationally-related activities, if prior authorization was not obtained; and
- (3) notify the student or parent of the availability of any remaining earned Title IV Program assistance.

If authorization from a student (or parent for a PLUS loan) is received after the 14 day timeframe and the school chooses not to make a post-withdrawal disbursement, the school must notify the student (or parent) that the post-withdrawal disbursement will not be made and why. This notification must be made in writing or electronically. It is required because a student or parent may assume incorrectly that his or her acceptance of a post-withdrawal disbursement has been received within the timeframe and that the post-withdrawal disbursement will be made. If an authorization from the student (or parent for a PLUS loan) is never received, or if the school chooses to make a post-withdrawal disbursement on an authorization received after the 14-day time frame, the school does not need to notify the student.

Disburse Grant Before Loan

A post-withdrawal disbursement, whether credited to the student's account or disbursed to the student or parent directly, must be made from available grant funds before available loan funds since it is in the student's best interest to minimize loan debt. "Available" grant or loan funds refers to Title IV Program assistance that could have been disbursed to the student, but was not disbursed as of the date of the institution's determination that the student withdrew. For example, if a student is due a post-withdrawal disbursement of \$500, and the student has received \$400 of \$1,000 in Federal Pell Grant funds that could have been disbursed, and \$1,200 of the \$2,000 in Federal Stafford Loan funds that could have been disbursed, the available undisbursed funds are \$600 in Federal Pell Grant funds, and \$800 in Federal Stafford loan funds. Any portion of the \$500 post-withdrawal disbursement that the school makes must be from the \$600 in available Federal Pell Grant funds.

The regulations do not address how a school should ensure that Title IV funds are disbursed to the proper individual. However, a school may not require a student who has withdrawn from a school (or a parent of such a student, for PLUS loan funds) to pick up a post-withdrawal disbursement in person. Because the student is no longer attending the school, he or she may have

moved out of the area and may be unable to return to the school to pick up a post-withdrawal disbursement.

Example of the Post-withdrawal Disbursement Requirements:

Michael drops out of school on November 5. On November 10, the school becomes aware that Michael ceased attendance. The school determines that because Michael has earned \$900 in Title IV Program assistance that he has not received, he is due a post-withdrawal disbursement of \$900. When Michael withdrew, only \$600 of the \$1,000 in Federal Pell Grant funds that could have been disbursed had been disbursed. Of the \$2,000 in Federal Stafford Loan funds that could have been disbursed, only \$1,200 had been disbursed. The school determines that Michael has \$50 in outstanding tuition charges and \$100 in outstanding parking fines for the payment period. The school credits Michael's account with \$50 of Michael's Federal Pell Grant funds. The school wants to use another \$100 of his post-withdrawal disbursement to cover the outstanding parking fines. However, the school has not received permission from Michael prior to his withdrawal to credit his account for educationally-related charges other than tuition and fees and room and board.

On November 12, the school sends a notification to Michael which states that:

(1) he is due a post-withdrawal disbursement of \$900 that comprises \$400 in Federal Pell Grant funds and \$500 in Federal Stafford Loan funds;

(2) \$50 of the Federal Pell Grant funds were credited to his account for tuition charges, so Michael has a remaining potential post-withdrawal disbursement of \$850;

(3) Michael may accept all, a portion, or none of the \$850;

(4) The school is obligated to make a post-withdrawal disbursement of funds only if Michael accepts the funds by November 26, 14 days after the school sent the notification;

(5) The school is requesting his permission to credit his account with an additional \$100 of the Federal Pell Grant funds to cover his unpaid parking fines; and

(6) If Michael does not authorize the school to credit his account with the \$100 of Federal Pell Grant funds, those funds will be disbursed to him if he chooses to accept them. The school could have sent the notification no later than December 10th; that is, 30 days after the date of the institution's determination that the student withdrew.

Michael responds on November 19. He authorizes the school to apply \$100 of the Federal Pell Grant funds to his outstanding parking fines. Michael accepts the remaining \$250 in Federal Pell Grant funds, but declines the \$500 in Federal Stafford Loan funds to minimize his overall loan debt.

The school sends Michael a check for the \$250 in Federal Pell Grant funds and a letter confirming that \$100 of the Federal Pell Grant funds will be credited to his account and no additional loan funds will be disbursed. The school has until February 8, which is 90 days from the date of the institution's determination that the student withdrew, to disburse the \$250 in Federal Pell Grant funds to Michael and to credit his account with the \$100 of Federal Pell Grant funds to cover his outstanding parking fines.

Title IV Aid to be Returned

If the student receives more Title IV aid than the amount earned, the school, or the student, or both, must return the unearned funds in a specified order. The amount of Title IV aid to be returned is determined by subtracting the amount of earned Title IV aid (box D) from the amount of Title IV aid that was actually disbursed to the student, NOT including aid that could have been disbursed (box A).

The amount of aid that was actually disbursed, rather than the total amount of aid that was disbursed and that could have been disbursed, is used because the only amount of Title IV aid that needs to be returned is the amount of disbursed aid that exceeds the amount of earned aid.

Step 5: Amount of Unearned Title IV Aid Due from the School

When a return of Title IV funds is due, the school and the student both have a responsibility for returning funds. Whatever funds are not returned by the school, must be returned by the student. Although these requirements talk in terms of returning funds, a school is not required to actually return its share before the student; rather, the amount of assistance that the school is responsible for returning must be allocated between the Title IV accounts first. The student's repayment obligation is determined after the school's share is calculated.

The school must return the lesser of

- The amount of Title IV funds that the student does not earn; or
- The amount of institutional charges that the student incurred for the payment period or period of enrollment multiplied by the percentage of funds that was not earned.

The percentage not earned is determined by subtracting the percentage of Title IV aid earned (box C) from 100 percent.

Institutional Charges

On January 7, 1999, the Secretary published guidance on the definition of institutional charges for the purpose of refund calculations. This guidance was published in the form of a policy bulletin on the Education Department's Information for Financial Aid Professionals (IFAP) web site. The guidance was initially developed to address requests for clarification of the definition of institutional charges as used in the pre-1998 Amendments refund requirements.

Under the pre-1998 Amendments requirements, refund provisions are used to determine the portion of institutional charges that a school must return when a student withdraws. In the requirements of the 1998 Amendments, institutional charges are used only to determine the portion of unearned Title IV aid that the school is responsible for returning. Institutional charges do not affect the amount of Title IV aid that a student earns when he or she withdraws.

Because the impact of institutional charges is different under the new law, the Department has agreed to revisit the current guidance to determine whether revisions would be appropriate. Until further guidance is issued, the guidance of the January 7, 1999, policy bulletin remains in effect.

Use of Institutional Charges in Determining the School's Responsibility for Return

"Institutional charges incurred by the student" are charges for which the student is responsible and were initially assessed by the school for the payment period or period of enrollment. These charges may not be reduced, even if other sources of aid were actually used to pay a student's institutional charges. Unless the school processed a change in enrollment status for a student prior to his or her withdrawal and made attendant changes in the amount of institutional charges at that point, the school would be required to use the charges that were initially assessed the student in the return calculation. The amount of a student's institutional charges may not be based upon the student's enrollment status at the time of withdrawal, or reduced to reflect whatever adjusted institutional charges were assessed by the school after the student withdrew under the school's refund policy or otherwise. In other words, the calculation for the Return of Title IV Funds must be applied before any institutional adjustments are made.

As stated in the discussion previously, for students who withdraw from a non-term based educational program, the school has the choice of determining the calculation on either a payment period basis or a period of enrollment basis. If a school with a non-term program chooses to base the calculation on a payment period, but the school charges for a period longer than the payment period (most likely the period of enrollment) there may not be a specific amount that reflects the actual institutional charges incurred by the student for the payment period. In this situation, the student's institutional charges for the payment period is the pro-rated amount of institutional charges for the longer period. However, if a school has retained Title IV funds in excess of the institutional charges pro-rated amount, including allocating costs for equipment and supplies to the front of the program, the funds retained by the school are attributed to that payment period because they are a better measure of the student's institutional charges for that period. Because Federal Work-Study funds are not included in the calculation of earned Title IV funds when a student withdraws, Federal Work-Study funds that are credited to a

student's account would not be included as Title IV program assistance retained for institutional charges.

For example, institutional charges are \$8,000 for a non-term based program that spans two payment periods of 450 clock hours each. The school chooses to calculate the treatment of Title IV funds on a payment period basis. A student withdraws in the first payment period. The pro-rated amount of institutional charges for each payment period is \$4,000. However, the school has retained \$5,000 of the Title IV funds for institutional charges for the payment period. Therefore, the institutional charges for the payment period are \$5,000.

Note: The following guidance was written specifically for the Refund and Repayment calculations that were required prior to the 1998 amendments. The Department plans to update this guidance at a later date to reflect the new Return of Title IV regulations.

January 7, 1999 Policy Bulletin

Institutional versus Non-Institutional charges

Tuition, fees, room and board, and “other charges” have been collectively and historically referred to as “institutional charges.” Institutional and noninstitutional expenses are not defined by whether an actual charge has been made to a student's institutional account. As a general rule, institutional charges are defined as expenses that a school assesses a student for educational expenses and are paid to the school directly.

Principle 1: Most costs are institutional

The most important principle to keep in mind is that all tuition, fees, room and board, and other charges a school assesses a student are institutional charges, unless demonstrated otherwise. Thus, a school is never compelled to classify a charge as noninstitutional if it wishes to classify the charge as institutional. However, if a school wishes to exclude specific charges or costs from a calculation, it must demonstrate that the charges are noninstitutional charges. Noninstitutional costs are discussed under “General Guidelines for Defining Institutional charges.”

Principle 2: An institutional charge does not need to be assessed to all students

Schools sometimes mistakenly assume that a charge is not a institutional charge because it was not assessed to all students, or the charge was not included in the enrollment agreement. For example, general guidance provides that “other charges assessed the student by the school include, but are not limited to” all items issued by the school to the student when those charges are specified in the

enrollment agreement as separate charges. However, it should be noted that other charges are not limited to items that are listed in the enrollment agreement. While a charge must be assessed to all students carrying the same academic workload to be considered an allowable cost of attendance, and Title IV funds may only be used to pay allowable cost of attendance charges, it is not true that a charge must be assessed to all students, or be listed in an enrollment agreement, to be considered a institutional charge for purposes of this calculation.

Principle 3: Institutional charges May or May Not Be Charged to a Student's Account

Note the following points about institutional charges:

1. All charges to a student's account are not necessarily institutional charges.

With the student's permission, a school may credit a student's account with Title IV funds to pay for noninstitutional charges. Consequently, if a student withdraws from the school with charges for noninstitutional charges on his or her account, the school must use those charges to determine if the student owes a repayment. Specific charges that may be classified as noninstitutional charges are defined in the discussion on “General Guidelines for Defining Institutional Charges.”

2. Charges that do not appear on the student's institutional account may still be institutional charges.

For example, a student does not have to charge the purchase of required course materials to his or her institutional account for the course materials to be classified as “institutional charges.” If a school disburses funds to a student to buy equipment that he or she is required to have by the first day of class, but the disbursement is so late that the student only has time to purchase the equipment at the school, those costs must be **classified as institutional charges because the student does not have “a real and reasonable opportunity” to purchase the equipment from someplace other than the school.**

General Guidelines for Defining Institutional Charges

The following educational expenses must be considered institutional charges:

- All charges for tuition, fees, and room and board (if contracted with the school); and
- Expenses for required course materials, if the student does not have a “real and reasonable opportunity” to purchase the required course materials from any place but the school.

Exceptions: “Excludable” costs are defined as costs that a school may exclude from the total amount of institutional costs, such as an administrative fee, documented cost of unreturnable equipment and

the documented cost of returnable equipment if not returned in good condition within 20 days of withdrawal.

Noninstitutional charges include:

- A charge for any required course materials that a school can document are noninstitutional because the student had “a real and reasonable opportunity” to purchase them elsewhere (See the discussion that follows.);
- A charge to the student's account for room charges that are collected by the school but are “passed through” to an unaffiliated entity;
- A charge to student's account for group health insurance fees, if the insurance is required for all students and the coverage remains in effect for the entire period for which the student was charged, despite the student's withdrawal; or
- A charge to a student's account for discretionary educationally related expenses (e.g., parking or library fines, the cost of athletic or concert tickets, etc.).

Demonstrating “Real and Reasonable Opportunity”

A school may treat certain charges as noninstitutional charges when the school can show that its students have the option of obtaining required course materials from the school or receiving payment of the funds from the school to purchase the items from alternative sources.

If a school does not have a separate charge for equipment and the student has the option of purchasing the equipment from more than one source, the school would not have to include the equipment charge in the return of funds calculation.

With regard to this exception, note that if a school wishes to classify the cost of required books, supplies, and equipment as noninstitutional charges, **it must be able to substantiate that an option actually existed for its students.** For example, the school must be able to demonstrate that: 1) the required course materials were available for purchase at a relatively convenient location unaffiliated with the school; and 2) the school did not restrict the availability of financial aid funds, so its students could exercise the option to purchase the required course materials from alternative sources.

A school would not be able to demonstrate that a student had a real and reasonable opportunity to purchase his or her required course materials from alternative sources if one of the following is true:

- The required course materials are not available elsewhere (i.e., they were only available at the school), or they are not conveniently available for purchase from another vendor unaffiliated with the school;

- When financial aid is available to the school for disbursement to the student, the school does not make those funds available to the student in time to purchase the required materials from another vendor before those materials are required for academic purposes;
- The school's practices do not allow or actually discourage a student (e.g., the use of vouchers that are only good at the campus bookstore or the late disbursement of funds to students to pay for noninstitutional charges) from exercising his or her option to purchase the required course materials from another vendor; or
- The school has the student sign a statement stating that the student has the option to purchase course materials from someplace other than the school, but the school is unable to document that an option truly existed.

If the school's return policies are reasonable, consistent, and fair to all students, and students were notified, in writing, of the school's policies when they enrolled, the school may exclude documented costs for

- nonreturnable equipment; and
- returnable equipment, if not returned in good condition within 20 days of withdrawal.



Note: The \$100 or 5% fee (whichever is less) that was excludable under the former Refund and Repayment regulations is not excluded in the Return of Title IV Funds calculation.

The school is responsible for demonstrating that its policy on nonreturnable equipment is reasonable, consistent, and fair to students. For example, it is not reasonable or fair to students to classify all used books or equipment as nonreturnable. A school must be able to demonstrate that there are specific circumstances that would prevent the school from selling the books or equipment to other students. Also, if the school's students are not notified in writing about the school's return policy when they enroll or the policy is not consistent with federal regulations on excludable costs, the school may not exclude the documented cost of books, supplies, and equipment from any refund calculations.

Applying the Rules: Is this an Institutional Charge?

To see how the guidelines for defining institutional charges can be applied, consider how a school would determine whether a charge for tools is noninstitutional or institutional. A student is required to purchase certain types of high quality tools for his program of study by the first day of class. The school's enrollment agreement does not contain a charge for the tools, and it does not say that the student is

required to purchase the tools from the school or a vendor affiliated with the school. The required tools are available for purchase from the school and from a retailer across the street from the school. As a routine practice, the school obtains permission to credit all financial aid to students' institutional accounts, and establishes a line of credit for students at the campus bookstore so they can purchase the required tools by the first day of class. All students buy the tools at the campus bookstore and charge the purchase to their institutional accounts.

The first step would be to determine if the purchase of the tools falls under the category of expenses that are generally considered institutional charges. Although the cost of the tools is not listed as a charge in the student's enrollment agreement, the school requires the student to purchase the tools for his program of study. Therefore, as a general rule, the tool charges will be considered institutional charges. However under the exceptions rule, the tool charges may be considered noninstitutional if the school can document that its students had a “real and reasonable opportunity” to purchase the tools from someplace other than the school. The real and reasonable test is whether the school could demonstrate the following: 1) the tools were available for purchase elsewhere; 2) the school made financial aid available to students in time to purchase the tools from another vendor before the first day of class; and 3) the school's practices provide students with an equal opportunity to purchase the tools from the campus bookstore or the retailer across the street.

In this case, the school meets the first criterion: the tools are available at the store across the street, so an opportunity could exist. However, the school fails to satisfy the second and third criteria because the school's routine practice of crediting students' accounts with all financial aid, and extending lines of credit for purchases at the campus bookstore, does not allow its students the option of purchasing the required tools from the retailer across the street. Therefore, the only choice this school's students have is to purchase the tools at the campus bookstore. As a result, the cost of the tools must be classified as institutional charges.

Summary

The following summarizes the key points for determining institutional and noninstitutional charges:

1. Institutional charges are defined as charges that a school assesses a student for educational expenses, which must be paid to the school directly.
2. A school either disburses financial aid to the student directly to pay for noninstitutional charges, or the school may, with the student's permission, credit the student's account to pay for noninstitutional charges.

3. All tuition, fees, room and board, and other charges a school assesses a student are institutional charges, unless demonstrated otherwise.
4. If a school wishes to exclude specific charges from institutional charges, it must demonstrate that the charges are either noninstitutional costs or are excludable costs.
5. A institutional charge does not have to be charged to all students or be listed as a charge in an enrollment agreement to be classified as a institutional charge.
6. All charges to a student's account are not necessarily institutional charges.
7. If a charge does not appear on the student's institutional account, it may still be a institutional charge.
8. Tuition, fees, room and board (if contracted with the school) are always institutional charges.
9. Expenses for required course materials are institutional charges, if the student does not have a real and reasonable opportunity to purchase the required course materials from any place but the school he or she is attending.
10. For a school to classify the cost of required course materials as noninstitutional charges, it must be able to substantiate that: 1) the required course materials were available for purchase at a relatively convenient location unaffiliated with the school; and 2) the school made financial aid funds available to students in a timely manner, so its students could exercise the option to purchase the required course materials from alternative sources.
11. "Excludable" costs are costs a school may exclude from total institutional charges, such as an administrative fee, documented cost of unreturnable equipment and the documented cost of returnable equipment if not returned in good condition within 20 days of withdrawal.
12. Noninstitutional charges include: charges for any required course materials that a school can document are noninstitutional because the student had "a real and reasonable opportunity" to purchase them elsewhere; a charge to the student's account for room charges that are collected by the school but are "passed through" to an unaffiliated entity; a charge to a student's account for group health insurance fees, (if the insurance is required for all students and the coverage remains in effect for the entire period for which the student was charged, despite the student's withdrawal); and a charge to a student's account for discretionary educationally related expenses (e.g., parking or library fines, the cost of athletic or concert tickets, etc.).

Step 6: Return of Funds by the School***Order of Return of Title IV Funds***

A school must return Title IV funds to the programs from which the student received aid in the following order, up to the net amount disbursed from each source:

- Unsubsidized Federal Stafford loans.
- Subsidized Federal Stafford loans.
- Unsubsidized Direct Stafford loans (other than PLUS loans).
- Subsidized Direct Stafford loans.
- Perkins loans.
- Federal PLUS loans.
- Direct PLUS loans.
- Federal Pell Grants for the payment period for which a return of funds is required.
- Federal Supplemental Educational Opportunity Grants (FSEOG) for the payment period for which a return of funds is required.
- Other assistance under this Title for which a return of funds is required (e.g., LEAP).

Timeframe for the Return of Title IV funds.

A school has 30 days from the date the institution determines that the student withdrew to return all unearned funds for which it is responsible.

Timeframe for the Determination of a Withdrawal Date for an Unofficial Withdrawal

Some schools may not know that a student has dropped out (unofficially withdrawn) until the school checks its records at the end of an academic period. However, to ensure that Title IV funds are returned within a reasonable period of time, a school must determine the withdrawal date (for a student who withdrew without providing notification) within 30 calendar days from the earlier of (1) the end of the payment period or period of enrollment, as applicable, (2) the end of the academic year, or (3) the end of the student's educational program.

Step 7: Initial Amount of Unearned Title IV Aid Due from the Student

The statute specifies that a student is responsible for all unearned Title IV Program assistance that the school is not required to return. The initial amount of unearned Title IV aid due from the student (or parent, for PLUS loan funds) is determined by subtracting the amount

returned by the school from the total amount of unearned Title IV funds to be returned. This is called the “initial” amount due from the student because a student will not have to return the full amount of any grant repayment due; therefore, the student may not have to return the full initial amount due.

Step 8: Return of Funds by the Student

The student is obligated to return funds to the Title IV fund from which it was received and in the same order that is required for schools. The student returns the net amount disbursed from each source after subtracting the amount the school must return to that source. A student is not required to return 50 percent of the grant assistance he or she received, which it is the responsibility of the student to repay.

The student (or parent, if a Federal PLUS loan) returns funds to the loan programs in accordance with the terms of the loan, and to grant programs as an overpayment. In other words, the student will be repaying any unearned loan funds in the same manner that he or she will be repaying earned loan funds. Grant overpayments are subject to repayment arrangements satisfactory to the school, or overpayment collection procedures prescribed by the Secretary.

GRANT OVERPAYMENTS

The applicable regulations require that students repay only 50 percent of any Title IV grant overpayments. The overpayments are reduced by half of the initial repayment amount, not by half of the total grants students received.

Repayment terms for students who owe Title IV grant overpayments were established to ensure that students who could not immediately repay their debt in full had the opportunity to continue their eligibility for Title IV funds. Students who owe overpayments as a result of withdrawals generally will retain their eligibility for Title IV funds for a maximum of 45 days from the earlier of

- the date the school sends the student notice of the overpayment; or
- the date the school was required to notify the student of the overpayment.

Within 30 days of determining that a student who withdrew owes a repayment of a Title IV grant, a school is required to notify the student that he or she must repay the overpayment. In its notification a school must inform the student that

1. The student owes an overpayment of Title IV funds.
2. The student’s eligibility for additional Title IV funds will end if the student fails to take positive action (by the 45th day following the date the school sent or was required to send notification to the student).

3. There are three positive actions a student can take to extend the student's eligibility for Title IV funds:
 - a. The student may repay the overpayment in full to the school.
 - b. The student may sign a repayment agreement with the school.
 - c. The student may sign a repayment agreement with the Department.
4. If the student fails to take one of the positive actions during the 45-day period, the student's overpayment will be reported to the Department and referred to the Department for collection.
5. The student should contact the school to discuss his or her options.

Examples of the Relationship Between Date of Notification and Expiration of the 45-Day Period

Example 1 - A school sends notification to a student within the 30 days allowed.

If a school sends notification to a student within the 30 days allowed, the 45-day period begins on the day after the school sends the notification to the student. If a school determines on August 20th that a student withdrew and owes a repayment and the school sends notification to the student on September 1st, (within the 30 days allowed), then the first day of the 45-day period is September 2nd. The 45th day and last day of the student's eligibility for Title IV funds is October 16th.

Example 2 - A school fails to notify the student or notifies the student after the 30 days allowed.

If the school fails to notify the student or notifies the student after the 30 days allowed, the 45-day period begins on the day after the end of the 30-day period (the date by which the school should have sent the notification to the student.). If a school determines on August 20th that a student who withdrew on July 8th owes a repayment, the 30th day following August 20th and the first day of the 45-day period is September 19th. The 45th day and last day of the student's eligibility for Title IV funds is November 3rd. If a student agrees to a repayment arrangement and then fails to meet the terms of that arrangement, the student's eligibility could end before the expiration of the 45-day period.

Note: The Return of Title IV Funds software will identify an ending date for the 45-day period that is one day earlier than the date a financial aid administrator would arrive at if the aid administrator performed the calculations by hand.

*Referring overpayments for collections is a separate process from reporting overpayments to NSLDS. **Reporting** is the process of creating within NSLDS a record of a student's overpayment. **Referring** is the process of turning over a student's debt to Student Credit Management Collections (ED Collections).*

Students who pay their debts in full during the 45-day period should neither be reported to NSLDS nor referred for collection.

If a student makes a payment on a Pell grant overpayment, or an FSEOG overpayment made in the current award year the school should handle the funds in accordance with the "excess cash" regulations and GAPS procedures.

If the school collects an overpayment of an FSEOG for an award made in a prior award year, the funds recovered should be returned to the Department using GAPS procedures. Payments should be applied to the award year in which the recovered funds were awarded.

A school reports overpayments in the NSLDS on-line. A school sends referrals to ED Collections through the U.S. Mail. If a student who owes a repayment of a Title IV grant calls ED Collections before ED Collections has received and recorded the student's overpayment, ED Collections will examine the student's record in the NSLDS. If a school has reported the overpayment to NSLDS correctly, ED Collections will inform the student that the overpayment is being processed and that the student should call back in ten days for further information. If a student calls ED Collections before a school has reported the student's overpayment to the NSLDS, ED Collections will find no record of the overpayment and

A school is never required to enter into a repayment agreement with a student, rather a school may refer an overpayment to the Department at any time **after** the student has had the opportunity to pay off the overpayment in full to the school. However, if a school reports a student overpayment to NSLDS before the 45-day period has elapsed the student will appear to be ineligible for Title IV aid. Subsequently, schools should provide students with every opportunity to repay their debt before reporting it to NSLDS and referring it to Student Credit Management Collections (ED Collections).

Important: ED Collections is unable to respond to a student-initiated request to negotiate a repayment arrangement until a school has referred the student's account for collection. In addition, ED Collections uses the information about the student in the NSLDS while conversing with a student. Therefore, when communicating with a student a school should make it clear that the student should contact the school before contacting the Department.

Accepting Payments from Students

If a school receives a payment for an overpayment that has not been referred to Student Credit Management Collections, the school should **NOT** send the payment to ED Collections.

If through its Return of Title IV Funds calculations a school determines that a student has received an overpayment of Pell funds, the school should reduce the student's award (by entering a negative disbursement) through the RFMS system for the amount the school is required to return and adjust its institutional ledgers and the student's account.

If through its Return of Title IV Funds calculations a school determines that a student has received an overpayment of FSEOG funds, the school should appropriately adjust its institutional ledgers, financial aid records and the student's account. In addition, the FISAP filed for the year will reflect the net award to the student.

Repayment Arrangements

Repayment agreements with the Department will include terms, that permit students to repay overpayments while maintaining their eligibility for Title IV funds. Schools are encouraged to negotiate similar repayment agreements with students. However, schools' repayment arrangements with students must provide for complete repayment of the overpayments within two years of the date of the institutions' determination that the students withdrew.

If during the 45-day period a student indicates that he or she cannot repay his or her debt in full and wishes to negotiate a repayment agreement with the Department, the school should immediately report the overpayment to NSLDS **and** refer the overpayment to ED Collections. Likewise, if a student who cannot repay his or her debt in full contacts a school that will not be offering institutional repayment agreements to students, the school should

immediately report the overpayment to the NSLDS **and** refer the overpayment to ED Collections. (So that ED Collections will have time to receive and record an overpayment before a student contacts ED Collections, a school should tell a student to wait ten days before contacting ED Collections.)

After a school has reported and referred a student's overpayment, the school should provide the student with the phone number, E-mail, and postal address for ED Collections. A student can contact ED Collections by calling 1-800-621-3115 or by sending an E-mail to DCS_HELP@ed.gov. A student may also write ED Collections at the following address:

U.S. Department of Education
Student Financial Assistance Programs
P.O. Box 4222
Iowa City, Iowa 52245

Reporting and Referring Overpayments

If a student does not take positive action during the 45-day period, the student becomes ineligible for Title IV funds on the 46th day from the earlier of - the date the school sends a notification to the student of the overpayment; or the date the school was required to notify the student of the overpayment. The student will remain ineligible until the student enters into a satisfactory repayment agreement with the Department. An overpayment resulting from a student's withdrawal remains an overpayment until it is repaid in full. Though a student may regain Title IV eligibility by negotiating and satisfying the requirements of a satisfactory payment arrangement, the information on the student's NSLDS account will continue to reflect the status of the overpayment until the debt is repaid in full.

If a school enters into a repayment arrangement with a student who owes an overpayment, the school should immediately report the repayment arrangement using the on-line NSLDS screens. The school should report the status of an overpayment for which it has entered a repayment agreement as "S." After the information is reported to the NSLDS, any future output from the CPS (SARs and ISIRs) will show that the student owes a repayment of a Title IV grant and that the student has negotiated a satisfactory repayment arrangement with the school.

As long as the student lives up to his or her repayment arrangement, the NSLDS overpayment status of "S" will indicate that, though the student owes an overpayment, the student remain eligible for Title IV funds. If at any time a student fails to comply with the terms of the student's agreement to repay, immediately the school must update the student's overpayment status to "Y." From that point on the NSLDS will inform schools that the student is not eligible for Title IV funds.

will tell the student to contact the school to resolve the discrepancy.

Initially, schools should report through RFMS (by entering a negative disbursement) only the Amount of Unearned Title IV Aid due from the school. Subsequently, schools that have made repayment arrangements with students should report in RFMS (by entering a negative disbursement) any payments made by a student.

*Dear Colleague Letter
GEN-98-14, July 1998 and
The NSLDS Training Guide.*

A school must refer to the Department

1. a student who does not satisfy the requirements of his or her repayment agreement with the school;
2. a student who fails to contact the school during the 45-day period; and
3. a student who fails, during the 45-day period, to pay his or her overpayment in full or enter into a repayment arrangement.

*Dear Colleague Letter
GEN-98-14, July 1998 and
The NSLDS Training Guide.*

If a school is referring to ED Collections a student overpayment previously reported to NSLDS, the school must also update the information previously reported to NSLDS by changing the source field from *SCH* to *TRF*. If a school is referring a student who has failed to satisfy the terms of their repayment agreement, the school should change the status code from “S” to “Y.” If a school is referring for collection a student not previously reported to NSLDS, the school must report the account to NSLDS as a referred overpayment and enter *TRF* as the initial source and “Y” as the status.

To refer student overpayments for collection, schools should use a format similar to the one found at the end of this chapter and send the form to the address at the bottom of the page. Each referral must be typed or printed and must be submitted on school letterhead. **In order to avoid creating a double record for a single overpayment, the school must populate Part 3, item 3 of its Overpayment Referral Form, *Dates of Disbursements*, with the exact same dates the school used when it created the NSLDS record.** Once ED Collections has accepted a referred student overpayment, ED Collections will transmit the information to NSLDS and “DCS” will replace “SCH” as the appropriate contact for information about the overpayment.

Accepting payments on referred overpayments

A school may continue to accept payment on an overpayment after the overpayment has been referred to the Department. If a school accepts a check from a student made out to the Department the school must

- note the student’s name and SSN on the check;
- indicate that the payment is for an overpayment of a Title IV grant; and
- forward the payment to ED Collections at

U.S. Department of Education
National Payment Center
P.O. Box 4169
Greenville, Texas 75403-4169

If a school accepts a cash payment from one or more students who owe overpayments, the school should write its own check to the Department and attach a letter indicating that the check is for a Title IV Grant overpayment(s). The school must include in its letter a roster that includes for each student who made a payment, the student's name, social security number, and amount paid.

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Case Studies

CASE STUDY 1: PENNY JONES

Calculating the return of Title IV funds for a student attending a two-year community college (semester) and receiving grants (partially disbursed)

Learning Objectives

Learn to complete Steps 1 – 4 of the worksheet *Treatment of Title IV Funds When a Student Withdraws from a Credit Hour Program*, and:

- Be able to identify the basic information needed to complete the worksheet, including the withdrawal date and date of the institution's determination that the student withdrew
- Be able to calculate the percentage of the period the student completed
- Be able to calculate both the percentage and the amount of Title IV aid earned by the student
- Be able to determine either that the student is due a post-withdrawal disbursement (PWD) of Title IV aid or that Title IV aid must be returned
- Be able to determine the amount of the PWD or return as well as the additional steps required

SCHOOL PROFILE

Everyone Should Have an Education Community College is a two-year, public, residential, credit hour institution

Academic Year/Program	2 semesters 32 weeks
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Period	16 weeks 110 calendar days
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Period Start Date	August 23
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5 Consecutive Day Break	No (no Sat. – Sun. classes)
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Required to Take Attendance	No
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Method for Matching FSEOG	Fund specific
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STUDENT PROFILE

Penny Jones is a first-year student who was home-schooled in Virginia. Charges to her account for the first semester are as follows:

Tuition and fees	\$ 1,000.00/16 week semester
Room and Board	\$ 2,250.00/16 week semester
Books and Supplies	\$ 400.00/16 week semester
Health Insurance	\$ 250.00/academic year

Balances remaining on Penny's account include:

Health Insurance	\$ 250.00
Books & Supplies	\$ 400.00
Room & Board	\$ 1,250.00

School Authorized to Credit

Account for Other Charges: Yes (all charges)

Penny's financial aid package included the following annual awards:

Pell Grant	\$ 3,125.00
FSEOG	\$ 1,500.00
State Grants	\$ 1,000.00
Institutional Awards	\$ 1,500.00

Discussion

On the first day of the fall semester, August 23, Penny received the following disbursements to her student account:

Pell Grant	\$ 0.00
FSEOG	\$ 750.00
State Grants (not funded by LEAP)	\$ 500.00
Institutional Awards	\$ 750.00

Although Penny is grateful for the assistance, she is concerned about how her total costs for the fifteen credit hours she is taking this semester and her room and board are going to be covered:

Tuition and Fees	\$1,000.00
Room and Board	\$2,250.00
Health Insurance	\$ 250.00
Books voucher good only at ESHECC campus bookstore	\$ 400.00

On October 8, Penny came by your office to advise that she doesn't think she is doing very well and is considering dropping out prior to November 1, the last day to withdraw from classes without academic penalty. To help her make a decision, she requests information on the withdrawal process. You are fairly certain that Penny is having a hard time adjusting to college life and want to encourage her to hang in until the end of the semester, December 10. However, because you are in the midst of trying to resolve your problems reporting Pell origination records (so that you then can make Pell disbursements, including Penny's \$1,562.50 disbursement), you don't have time at the moment to talk to her. You ask her to set an appointment to see you the following week, on October 13.

When Penny comes to see you on October 13, she confesses that the last class she attended was on September 30. Because she doesn't see how she can get caught up on the work she's missed, she is adamant about withdrawing. So, you give her instructions on completing the college's official withdrawal process and advise her where she can get the appropriate form. Finally, you remind her that the school's policy is that the date of withdrawal is the date the student turns in the signed form (which she did on October 15).

Let's review some basic information about Penny as well as our learning objectives for this case. Penny attended a two-year community college, which was on the semester system. Students earned academic credits based on credit hours taken. Before withdrawing, Penny received her FSEOG disbursement, but not her Pell Grant.

The first thing we'll need to do is to decide on the date of the school's determination that Penny withdrew. Then, we'll complete Step 1: Student's Title IV Aid Information, which includes:

- Title IV aid disbursed
- Title IV aid disbursed plus Title IV aid that could have been disbursed

Solution

The date of the institution's determination is the date you were advised by Penny that she had decided to withdraw. On the earlier date, October 8, she was only thinking about withdrawing. Date of the institution's determination that the student withdrew = October 13.

Step 1: Student's Title IV Aid Information

- A. Although Penny also received disbursements of state and institutional aid, only Title IV aid is considered in the return of funds calculation. Also, because Penny's school uses the fund-specific method (depositing the institutional match into the school's FSEOG account), the non-federal share is used in the calculation. Title IV aid disbursed = \$750.00.

FSEOG	\$750.00
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- B. Because of your problems reporting Pell origination records, Penny's Pell Grant had not been disbursed yet. But, she was eligible for the disbursement, so the amount of the Pell Grant that could have been disbursed is included in the total. Total Title IV aid disbursed plus Title IV aid that could have been disbursed = \$2,312.50.

SEOG	\$ 750.00
Pell Grant	\$1,562.50

Step 2: Percentage of Title IV Aid Earned

1. Withdrawal date = October 13

Note: Since ESHECC is not required by an outside entity to take attendance, the withdrawal date is the date Penny provided official notice of intent to withdraw—October 13. (Note that the school's policy that the withdrawal date is the date the student turns in the signed withdrawal form—which she did on October 15—is superseded by federal requirements for a student receiving Title IV aid.) Although Penny stopped attending classes on September 30, she didn't notify the school/begin the process until October 13. Remember when she came to see the FAO on October 8, she was only thinking about withdrawing. Note that the school could have documented a last date of attendance at an academically-related activity and used that as her withdrawal date if it so chose.

2. Payment period start date = August 23

3. Payment period end date = December 10

4. Percentage of payment period completed

- Since the student attended a credit hour school, the percentage of aid completed is calculated by dividing the number of calendar days completed by the total number of calendar days in the payment period. Number of calendar days completed in payment period = 52 calendar days
- Because the semester does not include a scheduled break of 5 or more consecutive days, all of the calendar days in the period from August 23 to December 10 are counted. Number of calendar days in payment period = 110 calendar days
- $52 \text{ days} / 110 \text{ days} = .4727$, rounded to .473, or 47.3%. Percentage of payment period completed = 47.3%

C. Percentage of payment period completed (47.3%), up to and including 60%; otherwise, if greater than 60%, then 100%. Percentage of Title IV aid earned = 47.3%.

Step 3: Amount of Title IV Aid Earned by the Student

- D. $47.3\% \text{ (\% of Title IV aid earned from item C)} \times \$2,312.50 \text{ (total Title IV aid disbursed plus Title IV aid that could have been disbursed from item B)} = \$1,093.812$, rounded to \$1,093.81. Amount of Title IV aid earned by the student = \$1,093.81.

Step 4: Total Title IV Aid to be Disbursed or Returned

- E. Because the total aid earned (item D) is greater than the total aid disbursed (item A), Penny is due a post-withdrawal disbursement. $\$1,093.81 \text{ (item D)} - \$750.00 \text{ (item A)} = \343.81 . Post-withdrawal disbursement = \$343.81.

If a post-withdrawal disbursement is due the student, the next step is to complete the Post-Withdrawal Disbursement Tracking Sheet.

- F. Title IV aid to be returned = N/A



Treatment of Title IV Funds When a Student Withdraws from a Credit Hour Program

Student's Name Penny Jones Social Security Number Case Study 1

Date Form Completed / / Date of the institution's determination that the student withdrew 10 / 13 /

Period used for calculation (check one) ☒ payment period ☐ period of enrollment

Monetary amounts should be in dollars and cents (rounded to the nearest penny). Round to three decimal places when calculating percentages. For example, .4486 would be .449, or 44.9%.

STEP 1: Student's Title IV Aid Information

	Net Amount Disbursed	Net Amount That Could Have Been Disbursed	Amount Disbursed	Amount That Could Have Been Disbursed
1. Unsubsidized FFEL/Direct Stafford Loan	_____	_____	_____	<u>\$1,562.50</u>
2. Subsidized FFEL/Direct Stafford Loan	_____	_____	<u>\$750.00</u>	_____
3. Perkins Loan	_____	_____	_____	_____
4. FFEL/Direct PLUS	_____	_____	_____	_____
5. Pell Grant	_____	_____	_____	_____
6. FSEOG	_____	_____	_____	_____
7. Other Title IV programs*	_____	_____	_____	_____
* Do not include FWS.				

A. Total Title IV aid disbursed (NOT aid that could have been disbursed) for the payment period or period of enrollment A \$ 750.00

B. Total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment B \$ 2,312.50

STEP 2: Percentage of Title IV Aid Earned

C. • If school is not required to take attendance and student withdrew without notification, enter 50% in Box C and proceed to Step 3 OR school may enter a last date of attendance at an academically-related activity for "withdrawal date" and proceed from there.

• Withdrawal date 10 / 13 / Payment period/period of enrollment start date 8 / 23 / end date 12 / 10 /

• Percentage of payment period or period enrollment completed

Determine the calendar days completed in the payment period or period of enrollment divided by the total calendar days in the payment period or period of enrollment (exclude scheduled breaks of 5 days or more AND days that a student was on approved leaves of absence).

$$\frac{\text{52}}{\text{completed days}} \div \frac{\text{110}}{\text{total days}} = \text{47.3} \%$$

If this amount is less than or equal to 60%, enter this amount in Box C. If this amount is greater than 60% (with or without rounding), enter 100% in Box C.

C 47.3%

Step 3: Amount of Title IV Aid Earned by the Student

D. Percentage of Title IV aid earned (Box C) x the total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box B)

$$\frac{\text{47.3\%}}{\text{Box C}} \times \frac{\text{\$ 2,312.50}}{\text{Box B}} = \text{D } \frac{\text{\$ 1,093.81}}{\text{\$ 1,093.81}}$$

Step 4: Total Title IV Aid to be Disbursed or Returned

If the amount in Box D is greater than the amount in Box A, go to item E. If the amount in Box A is greater than the amount in Box D, go to item F. **If the amounts in Boxes A and D are equal, STOP. No further action is necessary.**

E. **Post-withdrawal disbursement.** Subtract Title IV aid disbursed for the payment period or period of enrollment (Box A) from the amount of Title IV aid earned (Box D). This is the amount of the post-withdrawal disbursement due. Stop here and go to the post-withdrawal disbursement tracking sheet.

$$\frac{\text{\$ 1,093.81}}{\text{Box D}} - \frac{\text{\$ 750.00}}{\text{Box A}} = \text{E } \frac{\text{\$ 343.81}}{\text{\$ 343.81}}$$

F. **Title IV aid to be returned.** Subtract the amount of Title IV aid earned (Box D) from Title IV aid disbursed for the payment period or period of enrollment (Box A). This is the amount of Title IV aid that must be returned.

$$\frac{\text{\$ 750.00}}{\text{Box A}} - \frac{\text{\$ 1,093.81}}{\text{Box D}} = \text{F } \frac{\text{\$ 0.00}}{\text{\$ 0.00}}$$

Post-Withdrawal Disbursement Tracking SheetStudent's Name Penny Jones Social Security Number Case Study 1**Amount of Post-Withdrawal Disbursement**A. Amount from Box E of "Treatment of Title IV Funds When a Student Withdraws" Worksheet A

\$ 343.81

Post-Withdrawal Disbursement Credited to Student's AccountB. Total outstanding charges on student's account B

\$ 1,900.00

C. Total amount of post-withdrawal disbursements credited to student's account

- Amount of post-withdrawal disbursement credited for tuition, fees, room and board (if student contracts with the institution) \$ 343.81
- Amount of post-withdrawal disbursement credited for other current charges + \$ 0.00
- Amount of post-withdrawal disbursement credited for minor prior year charges + \$ 0.00

Total Amount Credited to Account C

\$ 343.81

D. Student and/or parent authorization to credit account for other current charges or minor prior year charges (if necessary) obtained on / / E. If a post-withdrawal disbursement of loan funds is credited to account, date of notification to student and/or parent / / **Post-Withdrawal Disbursement Offered to Student/Parent**F. Total amount of post-withdrawal disbursement (Box A) – amount of post-withdrawal disbursement credited to student's account (Box C) = Total amount to offer to student/parent F

\$ 0.00

G. Notification sent to student and/or parent on / / H. ☐ Response received from student/parent on / /
☐ Response not receivedI. Amount accepted I

\$.

J. Accepted funds sent on / / **Post-Withdrawal Disbursement Made From**Pell Grant \$343.81 Subsidized FFEL/Direct Stafford Loan FSEOG Unsubsidized FFEL/Direct Stafford Loan Other Title IV programs (grants) Perkins Loan FFEL/Direct PLUS Other Title IV programs (loans)

CASE STUDY 2: PENNY JONES

Treatment of other aid consisting of federal funds when calculating the return of Title IV funds.

Discussion

Penny's situation has changed somewhat. All of her Title IV aid, including her Pell Grant, was disbursed prior to her withdrawal from college (no change to the withdrawal date). In addition, she's not residing on campus, the \$500.00 state grant she received consisted of 50% LEAP funds, and the semester has a fall break that runs October 18 through October 22.

Penny is the same student as in Case Study 3-1. The differences to the scenario are that Penny lives at home, all of her aid was disbursed prior to her withdrawal, her \$500.00 state grant consists of 50% LEAP funds, and the fall semester has a scheduled break that runs Monday, October 18, through Friday, October 22.

Please complete Steps 1-4 on your own.

Solution

Date of the institution's determination that the student withdrew = October 13

Step 1: Student's Title IV Aid Information

- A. Because the state grant consists of 50% LEAP funds, it must be included in the calculation. Remember, aid consisting in any part of identified Title IV funds (e.g., LEAP) is included in the calculation. Title IV aid disbursed = \$2,812.50.

Pell Grant	\$1,562.50
FSEOG	\$ 750.00
State Grant	\$ 500.00

- B. All her aid was disbursed. Total Title IV aid disbursed plus Title IV aid that could have been disbursed = \$2,812.50

Step 2: Percentage of Title IV Aid Earned

1. The withdrawal date stays the same. Withdrawal date = October 13
2. Payment period start date = August 23
3. Payment period end date = December 10
4. Percentage of payment period completed
 - The number of calendar days completed remains the same. (Penny withdrew before the scheduled fall break.) Number of calendar days completed in payment period = 52 calendar days.
 - Because the semester includes a scheduled break of at least five consecutive 5 days, not all of the calendar days in the period are counted. In this situation, the break begins on Monday and ends on Friday, and there are no classes on Saturday and Sunday. So, in addition to excluding the 5-day break from the count of calendar days, we also exclude both weekends immediately preceding and following the break (in this case, a total of 9 days). Number of calendar days in payment period = 101 calendar days.

- 52 days / 101 days = .5148, rounded to .515, or 51.5%. Percentage of payment period completed = 51.5%.

C. Percentage of Title IV aid earned = 51.5%. [Item C (51.5%) up to and including 60%; otherwise, if greater than 60%, then 100%.]

Step 3: Amount of Title IV Aid Earned by Student

D. 51.5% (% of Title IV aid earned from item C) X \$2,812.50 (total Title IV aid disbursed plus Title IV aid that could have been disbursed from item B) = \$1,448.437, rounded to \$1,448.44.
Amount of Title IV aid earned by student = \$1,448.44.

Step 4: Total Title IV Aid to be Disbursed or Returned

E. Because the total Title IV aid earned (item D) is less than the aid disbursed (item A), no post-withdrawal disbursement is due and we proceed to Item F. Post-withdrawal disbursement = N/A

F. Because the total aid disbursed (item A) is greater than the total aid earned (item D), Title IV aid will need to be returned. \$2,812.50 (item A) – \$1,448.44 (item D) = \$1,364.06.
Title IV aid to be returned = \$1,364.06.

Step 5: Amount of Unearned Title IV Aid due from the School

G. Penny was not on campus in this scenario. Institutional charges for the payment period or period of enrollment = \$1,400.00

Tuition and fees	\$1,000.00
Books and Supplies	\$ 400.00

H. Subtract % Title IV aid earned (item C) from 100% (100% - 51.5% = 48.5%). Percentage of Title IV aid unearned = 48.5%

I. First, calculate the amount of unearned institutional charges. \$1,400.00 (institutional charges from item G) X 48.5% (% Title IV aid unearned from item H) = \$679.00 (no rounding needed). Amount of unearned institutional charges = \$679.00

J. Then, compare the amount of Title IV aid to be returned (item F) to unearned institutional charges (item I) and enter the lesser amount for item J.

Item F =	\$1,364.06
Item I =	\$ 679.00

Amount of unearned Title IV aid due from the school = \$679.00

Step 6: Return of Funds by the School

No funds are returned to FSEOG and the LEAP grant, since the total Title IV aid returned does not exceed the amount of Pell received. Return of Funds by the School:

Pell Grant	\$679.00
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Step 7: Initial Amount of Unearned Title IV aid due from Student

K. Subtract the amount of Title IV aid that the school must return from the total amount of Title IV aid that is to be returned. \$1,364.06 (item F) – \$679.00 (item J) = \$685.06.
Initial amount = \$685.06

Step 8: Return of Funds by the Student

Initial amount to return multiplied by 50%. $\$685.06 \times 50\% = \342.53 (no rounding needed).

Return of funds by the student:

Pell Grant	\$342.53
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Treatment of Title IV Funds When a Student Withdraws from a Credit Hour Program

Student's Name Penny Jones Social Security Number Case Study 2

Date Form Completed / / Date of the institution's determination that the student withdrew 10 / 13 /

Period used for calculation (check one) ☒ payment period ☐ period of enrollment

Monetary amounts should be in dollars and cents (rounded to the nearest penny). Round to three decimal places when calculating percentages. For example, .4486 would be .449, or 44.9%.

STEP 1: Student's Title IV Aid Information

	Net Amount Disbursed	Net Amount That Could Have Been Disbursed		Amount Disbursed	Amount That Could Have Been Disbursed
1. Unsubsidized FFEL/Direct Stafford Loan	<u> </u>	<u> </u>	5. Pell Grant	<u>\$1,562.50</u>	<u> </u>
2. Subsidized FFEL/Direct Stafford Loan	<u> </u>	<u> </u>	6. FSEOG	<u>\$ 750.00</u>	<u> </u>
3. Perkins Loan	<u> </u>	<u> </u>	7. Other Title IV programs*	<u>\$ 500.00</u>	<u> </u>
4. FFEL/Direct PLUS	<u> </u>	<u> </u>	*Do not include FWS.		

A. Total Title IV aid disbursed (NOT aid that could have been disbursed) for the payment period or period of enrollment A \$ 2,812.50

B. Total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment B \$ 2,812.50

STEP 2: Percentage of Title IV Aid Earned

C. • If school is not required to take attendance and student withdrew without notification, enter 50% in Box C and proceed to Step 3 OR school may enter a last date of attendance at an academically-related activity for "withdrawal date" and proceed from there.

• Withdrawal date 10 / 13 / Payment period/period of enrollment start date 8 / 23 / end date 12 / 10 /

• Percentage of payment period or period enrollment completed

Determine the calendar days completed in the payment period or period of enrollment divided by the total calendar days in the payment period or period of enrollment (exclude scheduled breaks of 5 days or more AND days that a student was on approved leaves of absence).

$$\frac{\boxed{52} \text{ completed days}}{\boxed{101} \text{ total days}} = \boxed{51.5} \%$$

If this amount is less than or equal to 60%, enter this amount in Box C. If this amount is greater than 60% (with or without rounding), enter 100% in Box C.

C 51.5%

Step 3: Amount of Title IV Aid Earned by the Student

D. Percentage of Title IV aid earned (Box C) x the total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box B)

$$\frac{\boxed{51.5\%} \text{ Box C}}{\boxed{\$ 2,812.50} \text{ Box B}} = \text{D} \quad \boxed{\$ 1,448.44}$$

Step 4: Total Title IV Aid to be Disbursed or Returned

If the amount in Box D is greater than the amount in Box A, go to item E. If the amount in Box A is greater than the amount in Box D, go to item F. **If the amounts in Boxes A and D are equal, STOP. No further action is necessary.**

E. **Post-withdrawal disbursement.** Subtract Title IV aid disbursed for the payment period or period of enrollment (Box A) from the amount of Title IV aid earned (Box D). This is the amount of the post-withdrawal disbursement due. Stop here and go to the post-withdrawal disbursement tracking sheet.

$$\boxed{} \text{ Box D} - \boxed{} \text{ Box A} = \text{E} \quad \boxed{\$ }$$

F. **Title IV aid to be returned.** Subtract the amount of Title IV aid earned (Box D) from Title IV aid disbursed for the payment period or period of enrollment (Box A). This is the amount of Title IV aid that must be returned.

$$\boxed{\$2,812.50} \text{ Box A} - \boxed{\$1,448.44} \text{ Box D} = \text{F} \quad \boxed{\$ 1,364.06}$$

Student's Name Penny Jones Social Security Number Case Study 2

STEP 5: Amount of Unearned Title IV Aid Due from the SCHOOL

G. Institutional charges for the payment period or period of enrollment

Tuition and Fees	<u>\$1,000.00</u>	Board	_____	Other	_____	
Room	_____	Other	<u>\$400.00</u>	Other	_____	
Total Institutional Charges						G \$ 1,400.00

H. Percentage of Title IV aid unearned (100% - Box C) **H** 48.5%

I. Multiply institutional charges for the payment period or period of enrollment (Box G) times the percentage of Title IV aid unearned (Box H).

\$1,400.00	X	48.5%	=	
Box G		Box H		I \$ 679.00

J. Compare the amount of Title IV aid to be returned (Box F) to Box I and enter the lesser amount. **J** \$ 679.00

STEP 6: Return of Funds by the SCHOOL

The school must return the unearned aid for which the school is responsible (Box J) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.

	Amount for School to Return		Amount for School to Return
1. Unsubsidized FFEL/Direct Stafford Loan	_____	5. Pell Grant	<u>\$679.00</u>
2. Subsidized FFEL/Direct Stafford Loan	_____	6. FSEOG	_____
3. Perkins Loan	_____	7. Other Title IV programs	_____
4. FFEL/Direct PLUS	_____		

STEP 7: Initial Amount of Unearned Title IV Aid Due from the STUDENT

K. Subtract the amount of Title IV due from the school (Box J) from the amount of Title IV to be returned (Box F).

\$1,364.06	–	\$679.00	=	
Box F		Box J		K \$ 685.06

STEP 8: Return of Funds by the STUDENT

The student (or parent for a PLUS loan) must return unearned aid for which the student is responsible (Box K) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source, after subtracting the amount the school will return. Amounts to be returned to grants are reduced by 50%.

	Amount for Student to Return		Initial Amount to Return		Amount for Student to Return
1. Unsubsidized FFEL/Direct Stafford Loan*	_____	5. Pell Grant	<u>\$685.06</u>	x 50% =	<u>\$342.53</u>
2. Subsidized FFEL/Direct Stafford Loan*	_____	6. FSEOG	_____	x 50% =	_____
3. Perkins Loan*	_____	7. Other Title IV programs	_____		_____
4. FFEL/Direct PLUS*	_____	(x 50% for grant funds)			

*Loan amounts are returned in accordance with the terms of the promissory note. No further action is required other than notification to the holder of the loan of the student's withdrawal date.

CASE STUDY 3: HARRY SPRINGER

Calculating the return of Title IV funds for a student who received loans and LEAP funds, and is attending a proprietary school (clock hour)

Learning Objectives

- Calculate ratio of completed clock hours to scheduled clock hours
- Calculate percentage of Title IV aid earned/unearned based on clock hours
- Determine withdrawal date for student who didn't provide notification of intent to withdraw

SCHOOL PROFILE

Quality Tech School (QTS) is a proprietary, clock-hour institution

Academic Year/Program: 900 clock hours
30 weeks

Period: 450 clock hours
15 weeks

Period Start Date: September 7

Period End Date: December 22

5 Consecutive Day Break: No

Taking Attendance Required: Yes

Method for Matching FSEOG: Fund specific

STUDENT PROFILE

Harry Springer enrolled at QTS for a fall term consisting of 450 clock hours over 15 weeks. Charges to his account are as follows:

Tuition and Fees	\$	1,750.00/15 week period
Room and Board		(non-residential school)
Books and Supplies	\$	250.00/15 week period
Student Account Balance:	\$	250.00

Balances remaining on Harry's account include:

Books and Supplies	\$	250.00
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School authorized to credit
account for other charges: Yes (all charges)

Harry Springer was eligible for the following annual awards:

Net Subsidized Stafford Loan	\$	2,000.00
Perkins Loan	\$	1,500.00
Institutional Awards	\$	1,000.00

Discussion

His student account was credited with both Stafford and Perkins loan disbursements for the fall period. However, the disbursement of the institutional grant was placed on hold until Harry turns in a required form. Also, Harry did not live on campus but was charged \$250.00 for books, which had to be purchased at Quality Tech's campus store.

Everything seemed to be going very well for Harry—until fall break. Due to personal problems, Harry didn't return to Quality Tech, and he didn't bother to let anyone know that he was dropping out. It wasn't until you called him on November 5—to give him a last chance to turn in the institutional form still needed—that you discovered he hadn't returned after fall break (November 2-4). Upon checking with the director of the program, you verified that Harry had completed 210 of the 250 clock hours scheduled for completion on the last day he attended prior to fall break (November 1).

Using the information provided, complete the worksheet.

Note: Quality Tech is required to take attendance and uses the fund-specific method to match FSEOG funds. Harry withdrew without providing official notification.

Decide on the date of the school's determination that Harry withdrew, and then complete Step 1: Student's Title IV Aid Information.

Solution

November 5 is the date you called Harry about the needed form and he told you he wasn't coming back. Date of the institution's determination that the student withdrew = November 5.

Step 1: Student's Title IV Aid Information

A. Title IV aid disbursed = \$1,750.00
 Subsidized Loan \$1,000.00
 Perkins Loan \$ 750.00

B. Total Title IV aid disbursed plus Title IV aid that could have been disbursed = \$1,750.00

Note: All Title IV aid was disbursed.

Step 2: Percentage of Title IV aid earned

To be able to complete Step 2, we'll need to note:

- The total number of clock hours in the period = 450
- The number of clock hours Harry completed = 210
- The number of clock hours Harry was scheduled to complete = 250

1. November 1 is Harry's last date of attendance taken from attendance records. Withdrawal date = November 1.

2. Percentage of payment period completed

- Calculation 1: Determine percentage of clock hours completed in the period. Divide the number of clock hours completed by the number of clock hours in the period. $210 / 450 = .4666$, rounded to .467, or 46.7%. Since this percentage is less than (or equal to) 60%, proceed to Calculation 2. Clock hours completed = 46.7%.
- Calculation 2: Determine the ratio of clock hours completed to clock hours scheduled to be completed. Divide the number of clock hours completed by the number of clock hours scheduled to be completed. $210 / 250 = .8400$, rounded to .840, or 84.0%. Since this percentage is greater than 70%, calculate the percentage completed using scheduled clock hours (rather than completed clock hours). The ratio = 84.0%.
- Determine percentage of payment period completed. $250 \text{ hours} / 450 \text{ hours} = .5555$, rounded to .556, or 55.6%.

C. Percentage of Title IV aid earned = 55.6%. Percentage of payment period completed (55.6%), up to and including 60%; otherwise, if greater than 60%, then 100%. (Note that the 60% threshold can't be reached using scheduled hours completed.) Percentage of payment period completed = 55.6%.

Step 3: Amount of Title IV Aid Earned by Student

D. 55.6% (% of Title IV aid earned from item C) X \$1,750.00 (total Title IV aid disbursed and that could have been disbursed from item B) = \$973.00 (no rounding needed). Amount of Title IV aid earned by student = \$973.00.

Step 4: Total Title IV Aid to be Disbursed or Returned

- E. Because the total Title IV aid earned (item D) is less than the aid disbursed (item A), no post-withdrawal disbursement is due and we proceed to Item F. Post-withdrawal disbursement = N/A.
- F. Because the total Title IV aid disbursed (item A) is greater than the aid earned (item D), Title IV aid will need to be returned.. $\$1,750.00$ (item A) - $\$973.00$ (item D) = $\$777.00$. Title IV aid to be returned = $\$777.00$.

Step 5: Amount of Unearned Title IV Aid Due from the School

G. Institutional charges for the payment period or period of enrollment = $\$2,000.00$

Tuition and Fees $\$ 1,750.00$

Books and Supplies $\$ 250.00$

Note: The charge for books and supplies is considered an institutional charge, since they must be purchased from Quality Tech's bookstore.

H. Subtract % Title IV aid earned (item C) from 100% ($100\% - 55.6\% = 44.4\%$). Percentage of Title IV aid unearned = 44.4% .

I. First, calculate the amount of unearned institutional charges. $\$2,000.00$ (institutional charges from item G) X 44.4% (% Title IV aid unearned from item H) = $\$888.00$ (no rounding needed). Amount of unearned institutional charges = $\$888.00$.

J. Then, compare the amount of Title IV aid to be returned (item F) to unearned institutional charges (item I) and enter the lesser amount for item J.

Item F = $\$777.00$

Item I = $\$888.00$

Amount of unearned Title IV aid due from the school = $\$777.00$.

Step 6: Return of Funds by the School

No Perkins funds are returned, since the total Title IV aid returned does not exceed the amount of the Subsidized loan ($\$777.00$) received.

Step 7: Initial Amount of Unearned Title IV aid due from Student

K. Subtract the amount of Title IV aid that the school must return from the total amount of Title IV aid that is to be returned. $\$777.00$ (item F) – $\$777.00$ (item J) = $\$0.00$.

Step 8: Return of Funds by the Student

N/A

Questions and Answers

Q: Under what scenario would institutional and/or state awards be used in calculating the return of Title IV funds?

A: Institutional awards are never included in the calculation. However, when a state grant is identified as a LEAP grant, it must be included.

Q: Since Harry did not provide notification that he was withdrawing from his clock hour program, how is the withdrawal date determined? And, since the number of clock hours completed is going to be used in the calculation, why do we need Harry's withdrawal date?

A: Harry's withdrawal date is taken from attendance records, since his school requires that attendance be taken. And, we need to know Harry's withdrawal date so that we can determine how many clock hours were scheduled to be completed as well as how many clock hours were completed as of the date he withdrew, as both are items of information needed to perform the calculation.

Q: What constitutes "official notification?"

A: Official notification is the notice that the student provides to the school that he or she is withdrawing. This can be done by following the school's prescribed policy or by providing the office(s) designated by the school the notice in writing or orally (in person, over the telephone by an individual acting on behalf of the student, or via alternative means specified by the school, such as a web site).



Treatment of Title IV Funds When a Student Withdraws from a Clock Hour Program

Student's Name Harry Springer Social Security Number Case Study 3

Date Form Completed / / Date of the institution's determination that the student withdrew 11 / 5 /

Period used for calculation (check one) ☒ payment period ☐ period of enrollment

Monetary amounts should be in dollars and cents (rounded to the nearest penny). Round to three decimal places when calculating percentages. For example, .4486 would be .449, or 44.9%.

STEP 1: Student's Title IV Aid Information

	Net Amount Disbursed	Net Amount That Could Have Been Disbursed	Amount Disbursed	Amount That Could Have Been Disbursed
1. Unsubsidized FFEL/Direct Stafford Loan				
2. Subsidized FFEL/Direct Stafford Loan	<u>\$1,000.00</u>			
3. Perkins Loan	<u>\$ 750.00</u>			
4. FFEL/Direct PLUS				
5. Pell Grant				
6. FSEOG				
7. Other Title IV programs*				
*Do not include FWS.				

A. Total Title IV aid disbursed (NOT aid that could have been disbursed) for the payment period or period of enrollment

A \$ 1,750.00

B. Total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment

B \$ 1,750.00

STEP 2: Percentage of Title IV Aid Earned

C. •Withdrawal date 11 / 1 /

•Percentage of payment period or period enrollment completed

Calculation 1 – Determine the clock hours completed* in the payment period or period of enrollment divided by the total clock hours in the payment period or period of enrollment

$$\frac{\text{210}}{\text{completed hours}} \div \frac{\text{450}}{\text{total hours}} = \underline{46.7} \%$$

If this percentage is greater than 60%, enter 100% in Box C and proceed to Step 3.

If this percentage is less than or equal to 60%, proceed to Calculation 2.

Calculation 2 – Determine the clock hours completed* in the payment period or period of enrollment divided by the clock hours scheduled to be completed as of the date the student withdrew.

$$\frac{\text{210}}{\text{completed hours}} \div \frac{\text{250}}{\text{scheduled to complete}} = \underline{84.0} \%$$

If this amount is less than 70%, enter the percentage from Calculation 1 in Box C and proceed to Step 3. If this amount is 70% or greater, determine the clock hours scheduled to be completed as of the date the student withdrew divided by the total clock hours in the payment period or period of enrollment and enter this amount in Box C (this amount may be greater than 60%).

$$\frac{\text{250}}{\text{scheduled to complete}} \div \frac{\text{450}}{\text{total hours}} = \underline{55.6} \%$$

*Excused absences do NOT count as completed hours.

C 55.6%

Step 3: Amount of Title IV Aid Earned by the Student

D. Percentage of Title IV aid earned (Box C) x the total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box B)

$$\frac{\text{55.6\%}}{\text{Box C}} \times \frac{\text{\$1,750.00}}{\text{Box B}} = \underline{\text{\$ 973.00}}$$

Step 4: Total Title IV Aid to be Disbursed or Returned

If the amount in Box D is greater than the amount in Box A, go to item E. If the amount in Box A is greater than the amount in Box D, go to item F. **If the amounts in Boxes A and D are equal, STOP. No further action is necessary.**

Student's Name Harry Springer Social Security Number Case Study 3

Step 4: Total Title IV Aid to be Disbursed or Returned: Continued

E. **Post-withdrawal disbursement.** Subtract Title IV aid disbursed for the payment period or period of enrollment (Box A) from the amount of Title IV aid earned (Box D). This is the amount of the post-withdrawal disbursement due. Stop here and go to the post-withdrawal disbursement tracking sheet.

<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div>	–	<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div>	=	E	<div style="border: 1px solid black; width: 150px; height: 20px; margin: 0 auto; display: flex; align-items: center;"> \$ </div>
Box D		Box A			

F. **Title IV aid to be returned.** Subtract the amount of Title IV aid earned (Box D) from Title IV aid disbursed for the payment period or period of enrollment (Box A). This is the amount of Title IV aid that must be returned.

<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto; text-align: center;">\$1,750.00</div>	–	<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto; text-align: center;">\$973.00</div>	=	F	<div style="border: 1px solid black; width: 150px; height: 20px; margin: 0 auto; display: flex; align-items: center;"> \$ 777.00 </div>
Box A		Box D			

STEP 5: Amount of Unearned Title IV Aid Due from the SCHOOL

G. Institutional charges for the payment period or period of enrollment

Tuition and Fees	\$1,750.00	Board		Other	
Room		Other	\$ 250.00	Other	
Total Institutional Charges					G
					<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto; display: flex; align-items: center;"> \$ 2,000.00 </div>

H. Percentage of Title IV aid unearned (100% - Box C)	H	<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto; text-align: center;">44.4%</div>
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I. Multiply institutional charges for the payment period or period of enrollment (Box G) times the percentage of Title IV aid unearned (Box H).

<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto; text-align: center;">\$2,000.00</div>	X	<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto; text-align: center;">44.4%</div>	=	I	<div style="border: 1px solid black; width: 150px; height: 20px; margin: 0 auto; display: flex; align-items: center;"> \$ 888.00 </div>
Box G		Box H			

J. Compare the amount of Title IV aid to be returned (Box F) to Box I and enter the lesser amount.	J	<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto; display: flex; align-items: center;"> \$ 777.00 </div>
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STEP 6: Return of Funds by the SCHOOL

The school must return the unearned aid for which the school is responsible (Box J) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.

	Amount for School to Return		Amount for School to Return
1. Unsubsidized FFEL/Direct Stafford Loan		5. Pell Grant	
2. Subsidized FFEL/Direct Stafford Loan	\$777.00	6. FSEOG	
3. Perkins Loan		7. Other Title IV programs	
4. FFEL/Direct PLUS			

STEP 7: Initial Amount of Unearned Title IV Aid Due from the STUDENT

K. Subtract the amount of Title IV due from the school (Box J) from the amount of Title IV to be returned (Box F).

<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto; text-align: center;">\$777.00</div>	–	<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto; text-align: center;">\$777.00</div>	=	K	<div style="border: 1px solid black; width: 150px; height: 20px; margin: 0 auto; display: flex; align-items: center;"> \$ 0.00 </div>
Box F		Box J			

STEP 8: Return of Funds by the STUDENT

The student (or parent for a PLUS loan) must return unearned aid for which the student is responsible (Box K) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source, after subtracting the amount the school will return. Amounts to be returned to grants are reduced by 50%.

	Amount for Student to Return		Initial Amount to Return	Amount for Student to Return
1. Unsubsidized FFEL/Direct Stafford Loan*		5. Pell Grant		x 50% =
2. Subsidized FFEL/Direct Stafford Loan*		6. FSEOG		x 50% =
3. Perkins Loan*		7. Other Title IV programs		
4. FFEL/Direct PLUS*		(x 50% for grant funds)		

*Loan amounts are returned in accordance with the terms of the promissory note. No further action is required other than notification to the holder of the loan of the student's withdrawal date.

CASE STUDY 4: BILL DONAHUE

Calculating the return of Title IV funds for a student receiving grants and attending a four-year public university (trimesters)

Learning Objectives

- Determine the withdrawal date for a student attending a school that is required to take attendance
- Review the criteria that determine if a school is required to take attendance
- Determine the effect of FWS earnings on the return of Title IV funds calculation

SCHOOL PROFILE

Big State University (BSU) is a 4 year, public, residential credit hour institution.

Academic Year/Program:	3 trimesters 30 weeks
Period:	10 weeks (68 calendar days)
Period Start Date:	January 10
Period End Date:	March 17
5 Consecutive Day Break:	No
Taking Attendance Required:	Yes
Method for Matching FSEOG:	Fund specific

STUDENT PROFILE

Bill Donahue is a first-year student at BSU majoring in chemistry. Bill is living on campus and spends his free time at his FWS job in the Chemistry Department. Charges to his account are as follows:

Tuition and Fees	\$	900.00/10 week trimester
Room	\$	600.00/10 week trimester
Board	\$	400.00/10 week trimester
Health Insurance	\$	300.00/academic year (required of all students and remains in effect for the entire period, even if students cease attendance)

Balances remaining on Bill's account include:

Health Insurance	\$	258.34
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School Authorized to Credit
Account for Other Charges: Yes (all charges)

His financial aid for the academic year is:

Pell Grant	\$	3,125.00
SEOG	\$	2,100.00
FWS	\$	1,800.00

Discussion

Bill is not required to purchase his books and supplies from BSU. On February 10 (32 calendar days), you were advised by the Chair of the Chemistry Department that Bill was suspended for the rest of the academic year (it appears that he was spending his FWS hours on his own "special projects" in the Chemistry Lab). Upon checking with his professors, you determined that his last date of class attendance was February 8 (30 calendar days). Prior to this incident, Bill's student account had been credited for the term with:

Pell Grant	\$1,041.67
SEOG	\$ 700.00
FWS	\$ 200.00

Using the information provided, complete the worksheet.

Solution

Date of the institution's determination that the student withdrew = February 10.

Step 1: Student's Title IV Aid Information

- A. Remember, although disbursed, the FWS earnings (\$200.00) are never included in the calculation. In addition, we used 100% of the FSEOG funds awarded for the semester, since BSU uses the funds-specific method of matching FSEOG funds. Title IV aid disbursed = \$1,741.67

Pell Grant	\$1,041.67
FSEOG	\$ 700.00

- B. Total Title IV aid disbursed plus Title IV aid that could have been disbursed = \$1,741.67

Step 2: Percentage of Title IV Aid Earned

1. Big State U requires that attendance be taken. Therefore, Bill's date of withdrawal is taken from attendance records, which indicated that February 8 was his last date of attendance. Withdrawal date = February 8.
2. Payment period start date = January 10
3. Payment period end date = March 17
4. Date of institution's determination that Bill withdrew = February 10.
5. Percentage of payment period completed
 - Number of calendar days completed in payment period = 30 calendar days
 - Number of calendar days in payment period = 68 calendar days
 - $30 \text{ days} / 68 \text{ days} = .4411$, rounded to .441, or 44.1%. Percentage of payment period completed = 44.1%
- C. Item C up to and including 60%; otherwise, if greater than 60%, then 100%. Percentage of Title IV aid earned = 44.1%

Step 3: Amount of Title IV Aid Earned by Student

- D. 44.1% (% of Title IV aid earned from item C) X \$1,741.67 (total Title IV aid disbursed plus Title IV aid that could have been disbursed from item B) = \$768.076, rounded to \$768.08.
Amount of Title IV aid earned by student = \$768.08

Step 4: Total Title IV Aid to be Disbursed or Returned

- E. Because the total Title IV aid earned (item D) is less than the aid disbursed (item A), no post-withdrawal disbursement is due and we proceed to Item F. Post-withdrawal disbursement = N/A
- F. Because the total Title IV aid disbursed (item A) is greater than the aid earned (item D), Title IV aid will need to be returned. $\$1,741.67$ (item A) - $\$768.08$ (item D) = \$973.59. Total Title IV aid to be returned = \$973.59

Step 5: Amount of Unearned Title IV Aid Due from the School

G. Because health insurance is required of all students and remains in effect for the entire period, even if the student withdraws, it is not considered an institutional charge. Institutional charges for the payment period = \$1,900.00

Tuition and Fees	\$ 900.00
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Room	\$ 600.00
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Board	\$ 400.00
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H. Subtract % Title IV aid earned (item C) from 100% ($100\% - 44.1\% = 55.9\%$). Percentage of Title IV aid unearned = 55.9%.

I. First, calculate the amount of unearned institutional charges. \$1,900.00 (institutional charges from item G) X 55.9% (%Title IV aid unearned from item H) = \$1,062.10 (no rounding needed). Amount of unearned institutional charges = \$1,062.10.

J. Then, compare the amount of Title IV aid to be returned (item F) to unearned institutional charges (item I) and enter the lesser amount for item J.

Item F =	\$ 973.59
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Item I =	\$ 1,062.10
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Amount of unearned Title IV aid due from the school = \$973.59

Step 6: Return of Funds the School

No FSEOG funds are returned, since the total Title IV aid returned does not exceed the amount of the Pell Grant received. (FWS earnings are not included in the calculation.)

Pell Grant	\$973.59
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Step 7: Initial Amount of Unearned Title IV aid due from Student

K. Subtract the amount of Title IV aid that the school must return from the total amount of Title IV aid that is to be returned. \$973.59 (item F) – \$973.59 (item J) = \$0.00. Initial amount of unearned Title IV aid due from student = \$0.00.

Step 8: Return of Funds by the Student

N/A

Questions and Answers

Q: The amount of Pell Grant the school is responsible for returning is \$973.59. Can the school round the amount? If so, to what?

A: Yes. The school could choose to round the amount. If so, the amount of Pell Grant returned would be \$974, since monetary amounts are rounded to the nearest dollar.

Q: If BSU's accrediting agency required that attendance be taken only during the first two weeks of the term, would this change how the withdrawal date is determined?

A: Yes. The regulations do not pertain to schools that are required to take attendance for only a brief portion of the period. But, if an outside agency requires attendance to be taken for a group of students (such as those receiving benefits from another government agency), this last date of attendance for this group would be determined by attendance records (and the mid-point determination would not apply).

Q: Why wasn't the \$200 in FWS wages that had been credited to Bill's student account included in the calculation?

A: FWS wages are never included in calculating the return of Title IV funds.



Treatment of Title IV Funds When a Student Withdraws from a Credit Hour Program

Student's Name Bill Donahue Social Security Number Case Study 4

Date Form Completed / / Date of the institution's determination that the student withdrew 2 / 10 /

Period used for calculation (check one) ☒ payment period ☐ period of enrollment

Monetary amounts should be in dollars and cents (rounded to the nearest penny). Round to three decimal places when calculating percentages. For example, .4486 would be .449, or 44.9%.

STEP 1: Student's Title IV Aid Information

	Net Amount Disbursed	Net Amount That Could Have Been Disbursed		Amount Disbursed	Amount That Could Have Been Disbursed
1. Unsubsidized FFEL/Direct Stafford Loan	<u> </u>	<u> </u>	5. Pell Grant	<u>\$1,041.67</u>	<u> </u>
2. Subsidized FFEL/Direct Stafford Loan	<u> </u>	<u> </u>	6. FSEOG	<u>\$ 700.00</u>	<u> </u>
3. Perkins Loan	<u> </u>	<u> </u>	7. Other Title IV programs*	<u> </u>	<u> </u>
4. FFEL/Direct PLUS	<u> </u>	<u> </u>	*Do not include FWS.		

A. Total Title IV aid disbursed (NOT aid that could have been disbursed) for the payment period or period of enrollment **A** \$ 1,741.67

B. Total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment **B** \$ 1,741.67

STEP 2: Percentage of Title IV Aid Earned

C. •If school is not required to take attendance and student withdrew without notification, enter 50% in Box C and proceed to Step 3 OR school may enter a last date of attendance at an academically-related activity for "withdrawal date" and proceed from there.

•Withdrawal date 2 / 8 / Payment period/period of enrollment start date 1 / 10 / end date 3 / 17 /

•Percentage of payment period or period enrollment completed

Determine the calendar days completed in the payment period or period of enrollment divided by the total calendar days in the payment period or period of enrollment (exclude scheduled breaks of 5 days or more AND days that a student was on approved leaves of absence).

$$\frac{\text{30 completed days}}{\text{68 total days}} = \underline{44.1\%}$$

If this amount is less than or equal to 60%, enter this amount in Box C. If this amount is greater than 60% (with or without rounding), enter 100% in Box C.

C 44.1%

Step 3: Amount of Title IV Aid Earned by the Student

D. Percentage of Title IV aid earned (Box C) x the total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box B)

$$\frac{\text{44.1\% Box C}}{\text{X}} \times \frac{\text{\$ 1,741.67 Box B}}{\text{=}} = \text{\$ 768.08 Box D}$$

Step 4: Total Title IV Aid to be Disbursed or Returned

If the amount in Box D is greater than the amount in Box A, go to item E. If the amount in Box A is greater than the amount in Box D, go to item F. **If the amounts in Boxes A and D are equal, STOP. No further action is necessary.**

E. **Post-withdrawal disbursement.** Subtract Title IV aid disbursed for the payment period or period of enrollment (Box A) from the amount of Title IV aid earned (Box D). This is the amount of the post-withdrawal disbursement due. Stop here and go to the post-withdrawal disbursement tracking sheet.

$$\frac{\text{Box D}}{\text{Box A}} = \text{E } \$ \text{ .}$$

F. **Title IV aid to be returned.** Subtract the amount of Title IV aid earned (Box D) from Title IV aid disbursed for the payment period or period of enrollment (Box A). This is the amount of Title IV aid that must be returned.

$$\frac{\text{\$1,741.67 Box A}}{\text{Box D}} = \text{F } \$ \text{ 973.59}$$

Student's Name Bill Donahue Social Security Number Case Study 4

STEP 5: Amount of Unearned Title IV Aid Due from the SCHOOL

G. Institutional charges for the payment period or period of enrollment

Tuition and Fees	<u>\$900.00</u>	Board	<u>\$400.00</u>	Other	_____	G \$ 1,900.00
Room	<u>\$600.00</u>	Other	_____	Other	_____	
Total Institutional Charges						\$ 1,900.00

H. Percentage of Title IV aid unearned (100% - Box C)	H 55.9%
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I. Multiply institutional charges for the payment period or period of enrollment (Box G) times the percentage of Title IV aid unearned (Box H).

\$1,900.00 Box G	X	55.9% Box H	=	I \$ 1,062.10
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J. Compare the amount of Title IV aid to be returned (Box F) to Box I and enter the lesser amount.	J \$ 973.59
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STEP 6: Return of Funds by the SCHOOL

The school must return the unearned aid for which the school is responsible (Box J) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.

Amount for School to Return	Amount for School to Return
1. Unsubsidized FFEL/Direct Stafford Loan _____	5. Pell Grant <u>\$973.59</u>
2. Subsidized FFEL/Direct Stafford Loan _____	6. FSEOG _____
3. Perkins Loan _____	7. Other Title IV programs _____
4. FFEL/Direct PLUS _____	

STEP 7: Initial Amount of Unearned Title IV Aid Due from the STUDENT

K. Subtract the amount of Title IV due from the school (Box J) from the amount of Title IV to be returned (Box F).

\$973.59 Box F	–	\$973.59 Box J	=	K \$ 0.00
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STEP 8: Return of Funds by the STUDENT

The student (or parent for a PLUS loan) must return unearned aid for which the student is responsible (Box K) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source, after subtracting the amount the school will return. Amounts to be returned to grants are reduced by 50%.

Amount for Student to Return	Initial Amount to Return	Amount for Student to Return
1. Unsubsidized FFEL/Direct Stafford Loan* _____	5. Pell Grant _____ x 50% = _____	
2. Subsidized FFEL/Direct Stafford Loan* _____	6. FSEOG _____ x 50% = _____	
3. Perkins Loan* _____	7. Other Title IV programs _____	
4. FFEL/Direct PLUS* _____	(x 50% for grant funds)	

*Loan amounts are returned in accordance with the terms of the promissory note. No further action is required other than notification to the holder of the loan of the student's withdrawal date.

CASE STUDY 5: JOSEANNE CARR

Calculating the return of Title IV funds for a student attending a four-year private school (semesters) and receiving loans (partially disbursed)

Learning Objectives

- Calculate the return of Title IV funds for a student who is responsible for returning loan funds
- Determine how to handle Title IV funds that were not disbursed prior to the student's withdrawal
- Determine the distinction between the student's withdrawal date and the date the school determined the student withdrew

SCHOOL PROFILE

Elite College of the South (ECS) is a 2 and 4 year private, credit hour institution.

Academic Year/Program: 2 semesters
30 weeks

Period: 15 weeks
105 calendar days

Period Start Date: September 9

Period End Date: December 22

5 Consecutive Day Break: No

Taking Attendance Required: Yes

Method for Matching FSEOG: N/A

STUDENT PROFILE

Joseanne Carr entered ECS one academic year ago. Charges to her account are as follows:

Tuition and Fees	\$ 5,500.00/15 week semester
Student Account Balance:	\$ 0.00

School Authorized to Credit	
Account for Other Charges:	Yes (all charges)

Joseanne's financial aid package included the following annual awards:

Subsidized Stafford Loan	\$ 970.00
Unsubsidized Stafford Loan	\$ 727.50
PLUS Loan	\$ 5,335.00
ECS Award	\$ 1,000.00

Discussion

Upon entering ECS one academic year ago, Joseanne Carr was torn between a four-year program in communications and a two-year program in interior design. After consulting her personal online psychic, she chose the program in interior design and decided to live off campus. Amazingly, the psychic must have gotten Joseanne's reading confused with someone else's, as Joseanne is really struggling in her third semester and has decided that she needs some time away. Although she planned to stop by the Financial Aid Office on October 4 to let those kind folks know that she was withdrawing, she was late for an appointment with her manicurist and didn't have the time. Luckily, by October 14, all of Joseanne's professors had contacted you to advise that she had stopped attending classes. You determined that her last date of attendance was October 1 (23 calendar days into the semester). At that point, her charges for the semester were \$5,500.00, and all of her financial aid, except the unsubsidized loan that was projected to be in on October 17, was disbursed.

Using the information provided, complete the worksheet.

Solution

Date of the institution's determination that the student withdrew = October 14

Step 1: Student's Title IV Aid Information

A. Title IV aid disbursed =	\$6,305.00
Subsidized Loan	\$ 970.00
PLUS	\$5,335.00

B. Aid that was disbursed plus aid that could have been disbursed includes the Unsubsidized Stafford loan of \$727.50 that could have been disbursed. Total Title IV aid disbursed plus Title IV aid that could have been disbursed = \$7,032.50.

1. Withdrawal date = October 1
 2. Payment period start date = September 9
 3. Payment period end date = December 22
 4. Percentage of payment period completed
 - Number of calendar days completed in payment period = 23 calendar days
 - Number of calendar days in payment period = 105 calendar days
 - $23 \text{ days} / 105 \text{ days} = .2190$, rounded to .219, or 21.9%. Percentage of payment period completed = 21.9%
- C. Item C up to and including 60%; otherwise, if greater than 60%, then 100%. Percentage of Title IV aid earned = 21.9%

D. 21.9% (% of Title IV aid earned from item C) X \$7,032.50 (total Title IV aid disbursed plus Title IV aid that could have been disbursed from item B) = \$1,540.117, rounded to \$1,540.12.
Amount of Title IV aid earned by student = \$1,540.12

E. Because the total Title IV aid earned (item D) is less than the aid disbursed (item A), no post-withdrawal disbursement is due and we proceed to Item F. Post-withdrawal disbursement = N/A.

F. Because the total aid disbursed (item A) is greater than the total aid earned (item D), Title IV aid will need to be returned. \$6,305.00 (item A) – \$1,540.12 (item D) = \$4,764.88. Total Title IV aid to be returned = \$4,764.88.

G. Institutional charges for the payment period or period of enrollment = \$5,500.00.

Tuition and Fees	\$5,500.00
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H. Subtract % Title IV aid earned (item C) from 100% ($100\% - 21.9\% = 78.1\%$). Percentage of Title IV aid unearned = 78.1%.

I. First, calculate the amount of unearned institutional charges. $\$5,500.00$ (institutional charges from item G) $\times 78.1\%$ (% Title IV aid unearned from item H) = \$4,295.50 (no rounding needed). Amount of unearned institutional charges = \$4,295.50.

J. Then, compare the amount of Title IV aid to be returned (item F) to unearned institutional charges (item I) and enter the lesser amount for item J.

Item F =	\$ 4,764.88
Item I =	\$ 4,295.50

Amount of unearned Title IV aid due from the school = \$4,295.50.

Step 6: Return of Funds by the School

Subsidized Loan	\$ 970.00
PLUS Loan	\$3,325.50

Note: The non-disbursed Unsubsidized Stafford loan of \$727.50 will need to be cancelled.

Step 7: Initial Amount of Unearned Title IV aid due from Student

K. Subtract the amount of Title IV aid that the school must return from the total amount of Title IV aid that is to be returned. \$4,764.88 (item F) – \$4,295.50 (item J) = \$469.38. Initial amount of unearned Title IV aid due from student = \$469.38.

Step 8: Return of Funds by the Student

PLUS Loan	\$469.38
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Note: Remember, in the case of Parent PLUS loans, the parent—not the student—is responsible for returning the loan funds as per the terms of the promissory note signed.

Questions and Answers

Q: What would the withdrawal date have been if taking attendance were not required at ECS and you had not discovered Joseanne’s withdrawal until the last week of the fall semester?

A: Because Joseanne did not begin the withdrawal process or otherwise notify the school of her intent to withdraw, the withdrawal date would have been “the midpoint of the payment period for which Program Assistance was disbursed.” In this case, her professors documented from attendance records that she stopped attending on October 1, before the midpoint of the period. Therefore, attendance at an academically-related event later than the mid-point of the period wouldn’t apply.

Q: How do Joseanne’s parents take care of returning the PLUS loan funds of \$469.38? When all is said and done, how much of the original net disbursement of \$5,335.00 will they still owe?

A: They simply repay the funds in accordance with the terms of the promissory note. And, they still owe \$2,009.50 (\$5,335.00 - \$ 3325.50 = \$2,009.50), plus loan origination fees.

Q: What is the distinction between “withdrawal date” and “date of the institution’s determination that the student withdrew” in the return of Title IV funds?

A: Withdrawal date impacts the number of days the student completed and, in turn, the percentage of aid earned as well as the percentage of aid unearned. The date of the institution’s determination that the student withdrew starts the clock with regard to the various time-sensitive requirements to which the institution and student must adhere.

Remember that these dates are not necessarily one in the same.



Treatment of Title IV Funds When a Student Withdraws from a Credit Hour Program

Student's Name Joseanne Carr Social Security Number Case Study 5

Date Form Completed / / Date of the institution's determination that the student withdrew 10/14/

Period used for calculation (check one) ☒ payment period ☐ period of enrollment

Monetary amounts should be in dollars and cents (rounded to the nearest penny). Round to three decimal places when calculating percentages. For example, .4486 would be .449, or 44.9%.

STEP 1: Student's Title IV Aid Information

	Net Amount Disbursed	Net Amount That Could Have Been Disbursed		Amount Disbursed	Amount That Could Have Been Disbursed
1. Unsubsidized FFEL/Direct Stafford Loan		\$ 727.50	5. Pell Grant		
2. Subsidized FFEL/Direct Stafford Loan	\$ 970.00		6. FSEOG		
3. Perkins Loan			7. Other Title IV programs*		
4. FFEL/Direct PLUS	\$5,335.00		*Do not include FWS.		

A. Total Title IV aid disbursed (NOT aid that could have been disbursed) for the payment period or period of enrollment A \$ 6,305.00

B. Total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment B \$ 7,032.50

STEP 2: Percentage of Title IV Aid Earned

C. • If school is not required to take attendance and student withdrew without notification, enter 50% in Box C and proceed to Step 3 OR school may enter a last date of attendance at an academically-related activity for "withdrawal date" and proceed from there.

• Withdrawal date 10/1/ Payment period/period of enrollment start date 9/9/ end date 12/22/

• Percentage of payment period or period enrollment completed

Determine the calendar days completed in the payment period or period of enrollment divided by the total calendar days in the payment period or period of enrollment (exclude scheduled breaks of 5 days or more AND days that a student was on approved leaves of absence).

$$\frac{\boxed{23} \text{ completed days}}{\boxed{105} \text{ total days}} = \boxed{21.9} \%$$

If this amount is less than or equal to 60%, enter this amount in Box C. If this amount is greater than 60% (with or without rounding), enter 100% in Box C.

C 21.9%

Step 3: Amount of Title IV Aid Earned by the Student

D. Percentage of Title IV aid earned (Box C) x the total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box B)

$$\frac{\boxed{21.9\%} \text{ Box C}}{\times} \frac{\boxed{\$ 7,032.50} \text{ Box B}}{=} \text{D} \quad \boxed{\$ 1,540.12}$$

Step 4: Total Title IV Aid to be Disbursed or Returned

If the amount in Box D is greater than the amount in Box A, go to item E. If the amount in Box A is greater than the amount in Box D, go to item F. **If the amounts in Boxes A and D are equal, STOP. No further action is necessary.**

E. **Post-withdrawal disbursement.** Subtract Title IV aid disbursed for the payment period or period of enrollment (Box A) from the amount of Title IV aid earned (Box D). This is the amount of the post-withdrawal disbursement due. Stop here and go to the post-withdrawal disbursement tracking sheet.

$$\boxed{\text{Box D}} - \boxed{\text{Box A}} = \text{E} \quad \boxed{\$ \quad .}$$

F. **Title IV aid to be returned.** Subtract the amount of Title IV aid earned (Box D) from Title IV aid disbursed for the payment period or period of enrollment (Box A). This is the amount of Title IV aid that must be returned.

$$\boxed{\$6,305.00} \text{ Box A} - \boxed{\$1,540.12} \text{ Box D} = \text{F} \quad \boxed{\$ 4,764.88}$$

Student's Name Joseanne Carr Social Security Number Case Study 5

STEP 5: Amount of Unearned Title IV Aid Due from the SCHOOL

G. Institutional charges for the payment period or period of enrollment

Tuition and Fees	<u>\$5,500.00</u>	Board	_____	Other	_____	G \$ 5,500.00
Room	_____	Other	_____	Other	_____	
Total Institutional Charges						G \$ 5,500.00

H. Percentage of Title IV aid unearned (100% - Box C) **H** 78.1%

I. Multiply institutional charges for the payment period or period of enrollment (Box G) times the percentage of Title IV aid unearned (Box H).

\$5,500.00	X	78.1%	=	I \$ 4,295.50
Box G		Box H		

J. Compare the amount of Title IV aid to be returned (Box F) to Box I and enter the lesser amount. **J** \$ 4,295.50

STEP 6: Return of Funds by the SCHOOL

The school must return the unearned aid for which the school is responsible (Box J) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.

	Amount for School to Return		Amount for School to Return
1. Unsubsidized FFEL/Direct Stafford Loan		5. Pell Grant	
2. Subsidized FFEL/Direct Stafford Loan	<u>\$ 970.00</u>	6. FSEOG	
3. Perkins Loan		7. Other Title IV programs	
4. FFEL/Direct PLUS	<u>\$3,325.50</u>		

STEP 7: Initial Amount of Unearned Title IV Aid Due from the STUDENT

K. Subtract the amount of Title IV due from the school (Box J) from the amount of Title IV to be returned (Box F).

\$4,764.88	–	\$4,295.50	=	K \$ 469.38
Box F		Box J		

STEP 8: Return of Funds by the STUDENT

The student (or parent for a PLUS loan) must return unearned aid for which the student is responsible (Box K) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source, after subtracting the amount the school will return. Amounts to be returned to grants are reduced by 50%.

	Amount for Student to Return		Initial Amount to Return	Amount for Student to Return
1. Unsubsidized FFEL/Direct Stafford Loan*		5. Pell Grant	x 50% =	
2. Subsidized FFEL/Direct Stafford Loan*		6. FSEOG	x 50% =	
3. Perkins Loan*		7. Other Title IV programs		
4. FFEL/Direct PLUS*	<u>\$469.38</u>	(x 50% for grant funds)		

*Loan amounts are returned in accordance with the terms of the promissory note. No further action is required other than notification to the holder of the loan of the student's withdrawal date.

CASE STUDY 6: RONNIE DESMOND

Calculating the return of Title IV funds for a student attending a four-year, low-cost private school (semesters) and receiving loans and grants (partially disbursed)

Learning Objectives

- Calculate the return of Title IV funds for a student who is responsible for returning loan and grant funds
- Determine the school's requirements for dealing with a student who owes a grant overpayment
- Review the effect of rescinding a notice of intent to withdraw on determining the student's withdrawal date

SCHOOL PROFILE

Heartland of the Country College (HCC) is a 4 year private, credit hour institution.

Academic Year/Program: 2 semesters
30 weeks

Period: 15 weeks
114 calendar days

Period Start Date: January 13

Period End Date: May 5

5 Consecutive Day Break: No

Taking Attendance Required: No

Method for Matching FSEOG: Fund specific

STUDENT PROFILE

Ronnie Desmond is a first-time freshman at HCC. Charges to his account are as follows:

Tuition and Fees	\$	1,000.00/15 week semester
Room and Board		(non-residential student)
Books and Supplies	\$	250.00/15 week semester
Student Account Balance:	\$	0.00

School Authorized to Credit
Account for Other Charges: Yes (all charges)

Ronnie's financial aid package includes the following annual awards:

Subsidized Stafford Loan	\$	557.75 (Net)
Pell Grant	\$	1,562.50
FSEOG	\$	1,000.00

Discussion

Just recently, Ronnie Desmond and his sister, Mary, ended a short run as hosts of a local radio program. Unsure of what to do with the rest of his life, Ronnie decided to enroll as a first-time freshman at HCC for the spring semester. Along with his tuition and fees, he was charged \$250.00 for books and supplies, which must be purchased from the campus bookstore. Although he had to take out a small student loan for living expenses, he had the full support of his wife. Ronnie did very well—until March 20, when he and Mary got a call from the radio station promising a very lucrative long-term contract and begging them to come back. That same day, Ronnie contacted the Financial Aid Office to advise that he was withdrawing from HCC (at 68 calendar days into the semester) and to find out what to do next. With the exception of the Stafford loan that had just been certified, all of his financial aid for the semester had been disbursed.

Using the information provided, complete the worksheet.

Solution

Date of the institution's determination that the student withdrew = March 20

Step 1: Student's Title IV Aid Information

- A. Because HCC uses the fund-specific method of matching FSEOG funds, 100% of Ronnie's FSEOG grant is used in the calculation. Title IV aid disbursed = \$2,562.50

Pell Grant	\$1,562.50
FSEOG	\$1,000.00

- B. Aid that was disbursed plus aid that could have been disbursed includes the subsidized Stafford Loan of \$557.75 that could have been disbursed. Total Title IV aid disbursed plus Title IV aid that could have been disbursed = \$3,120.25

Step 2: Percentage of Title IV Aid Earned

1. Withdrawal date = March 20
 2. Payment period start date = January 13
 3. Payment period end date = May 5
 4. Percentage of payment period completed
 - Number of calendar days completed in payment period = 68 calendar days
 - Number of calendar days in payment period = 114 calendar days
 - $68 \text{ days} / 114 \text{ days} = .5964$, rounded to .596, or 59.6%. Percentage of payment period completed = 59.6%
- C. Item C up to and including 60%; otherwise, if greater than 60%, then 100%. Percentage of Title IV aid earned = 59.6%

Step 3: Amount of Title IV Aid Earned by Student

- D. 59.6% (% of Title IV aid earned from item C) X \$3,120.25 (total Title IV aid disbursed plus Title IV aid that could have been disbursed from item B) = \$1,859.669 (rounded to \$1,859.67). Amount of Title IV aid earned by student = \$1,859.67

Step 4: Total Title IV Aid to be Disbursed or Returned

- E. Because the total Title IV aid earned (item D) is less than the aid disbursed (item A), no post-withdrawal disbursement is due and we proceed to Item F. Post-withdrawal disbursement = N/A
- F. Because the total aid disbursed (item A) is greater than the total aid earned (item D), Title IV aid will need to be returned. $\$2,562.50$ (item A) – $\$1,859.67$ (item D) = $\$702.83$. Title IV aid to be returned = \$702.83

Step 5: Amount of Unearned Title IV Aid Due from the School

- G. Institutional charges for the payment period or period of enrollment = \$1,250.00
- | | |
|--------------------|------------|
| Tuition and Fees | \$1,000.00 |
| Books and Supplies | \$ 250.00 |
- H. Subtract % Title IV aid earned (item C) from 100% ($100\% - 59.6\% = 40.4\%$). Percentage of Title IV aid unearned = 40.4%.

I. First, calculate the amount of unearned institutional charges. \$1,250.00 (institutional charges from item G) X 40.4% (% Title IV aid unearned from item H) = \$505.00 (no rounding needed). Amount of unearned institutional charges = \$505.00

J. Then, compare the amount of amount of Title IV aid to be returned (item F) to unearned institutional charges (item I) and enter the lesser amount for item J.

Item F = \$ 702.83

Item I = \$ 505.00

Amount of unearned Title IV aid due from the school = \$505.00

Step 6: Return of Funds by the School

Pell Grant	\$505.00
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Note: The non-disbursed Subsidized loan of \$557.75 would need to be cancelled.

Step 7: Initial Amount of Unearned Title IV aid due from Student

K. Subtract the amount of Title IV aid that the school must return from the total amount of Title IV aid that is to be returned. \$702.83 (item F) – \$505.00 (item J) = \$197.83. Initial amount of unearned Title IV aid due from student = \$197.83.

Step 8: Return of Funds by the Student

Initial amount to return multiplied by 50%. \$197.83 X 50% = \$98.915 (rounded to 98.92).

Pell Grant	\$98.92
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Questions and Answers

Q: Had Ronnie's loan been disbursed at the time of withdrawal, would he have had to repay (return) the loan immediately?

A: No. Immediate repayment of the loan is not required because it is expected the loan will be repaid according to the terms and conditions of the promissory note the student signed.

Q: What happens if Ronnie is unable to repay the portion of the Pell Grant that must be returned?

A: Ronnie remains eligible for Title IV aid for up to 45 days from the earlier of the date the school mails him a notification of his obligation or the date the school is required to send him that notification. Ronnie can continue his eligibility by returning the overpayment or by agreeing to a repayment arrangement. Please see pages **XX** to **XX** for a complete discussion of a school's notification responsibilities and a student's options.

Q: What would the withdrawal date have been if Ronnie had changed his mind and rescinded his notice of withdrawal, and finally decided definitely to withdraw on March 27?

A: The withdrawal date used for the calculation of return of Title IV funds would have been the earlier date, March 20. Remember that if the institution allows the student to rescind the official notification of intent to withdraw, and the student subsequently ceases attendance, the rescission is negated and the withdrawal date is the student's original withdrawal date.



Treatment of Title IV Funds When a Student Withdraws from a Credit Hour Program

Student's Name Ronnie Desmond Social Security Number Case Study 6

Date Form Completed / / Date of the institution's determination that the student withdrew 3 / 20 /

Period used for calculation (check one) ☒ payment period ☐ period of enrollment

Monetary amounts should be in dollars and cents (rounded to the nearest penny). Round to three decimal places when calculating percentages. For example, .4486 would be .449, or 44.9%.

STEP 1: Student's Title IV Aid Information

	Net Amount Disbursed	Net Amount That Could Have Been Disbursed		Amount Disbursed	Amount That Could Have Been Disbursed
1. Unsubsidized FFEL/Direct Stafford Loan	<u> </u>	<u> </u>	5. Pell Grant	<u>\$1,562.50</u>	<u> </u>
2. Subsidized FFEL/Direct Stafford Loan	<u> </u>	<u>\$557.75</u>	6. FSEOG	<u>\$1,000.00</u>	<u> </u>
3. Perkins Loan	<u> </u>	<u> </u>	7. Other Title IV programs*	<u> </u>	<u> </u>
4. FFEL/Direct PLUS	<u> </u>	<u> </u>	*Do not include FWS.		

A. Total Title IV aid disbursed (NOT aid that could have been disbursed) for the payment period or period of enrollment **A** \$ 2,562.50

B. Total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment **B** \$ 3,120.25

STEP 2: Percentage of Title IV Aid Earned

C. • If school is not required to take attendance and student withdrew without notification, enter 50% in Box C and proceed to Step 3 OR school may enter a last date of attendance at an academically-related activity for "withdrawal date" and proceed from there.

• Withdrawal date 3 / 20 / Payment period/period of enrollment start date 1 / 13 / end date 5 / 5 /

• Percentage of payment period or period enrollment completed

Determine the calendar days completed in the payment period or period of enrollment divided by the total calendar days in the payment period or period of enrollment (exclude scheduled breaks of 5 days or more AND days that a student was on approved leaves of absence).

$$\frac{\boxed{68} \text{ completed days}}{\boxed{114} \text{ total days}} = \boxed{59.6} \%$$

If this amount is less than or equal to 60%, enter this amount in Box C. If this amount is greater than 60% (with or without rounding), enter 100% in Box C.

C 59.6%

Step 3: Amount of Title IV Aid Earned by the Student

D. Percentage of Title IV aid earned (Box C) x the total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box B)

$$\frac{\boxed{59.6\%} \text{ Box C}}{\boxed{\$3,120.25} \text{ Box B}} = \text{D} \quad \boxed{\$ 1,859.67}$$

Step 4: Total Title IV Aid to be Disbursed or Returned

If the amount in Box D is greater than the amount in Box A, go to item E. If the amount in Box A is greater than the amount in Box D, go to item F. **If the amounts in Boxes A and D are equal, STOP. No further action is necessary.**

E. **Post-withdrawal disbursement.** Subtract Title IV aid disbursed for the payment period or period of enrollment (Box A) from the amount of Title IV aid earned (Box D). This is the amount of the post-withdrawal disbursement due. Stop here and go to the post-withdrawal disbursement tracking sheet.

$$\boxed{} \text{ Box D} - \boxed{} \text{ Box A} = \text{E} \quad \boxed{\$ }$$

F. **Title IV aid to be returned.** Subtract the amount of Title IV aid earned (Box D) from Title IV aid disbursed for the payment period or period of enrollment (Box A). This is the amount of Title IV aid that must be returned.

$$\boxed{\$2,562.50} \text{ Box A} - \boxed{\$1,859.67} \text{ Box D} = \text{F} \quad \boxed{\$ 702.83}$$

Student's Name Ronnie Desmond Social Security Number Case Study 6

STEP 5: Amount of Unearned Title IV Aid Due from the SCHOOL

G. Institutional charges for the payment period or period of enrollment

Tuition and Fees	<u>\$1,000.00</u>	Board	_____	Other	_____	
Room	_____	Other	<u>\$250.00</u>	Other	_____	
Total Institutional Charges						G \$ 1,250.00

H. Percentage of Title IV aid unearned (100% - Box C) **H** 40.4%

I. Multiply institutional charges for the payment period or period of enrollment (Box G) times the percentage of Title IV aid unearned (Box H).

\$1,250.00	X	40.4%	=	
Box G		Box H		I \$ 505.00

J. Compare the amount of Title IV aid to be returned (Box F) to Box I and enter the lesser amount. **J** \$ 505.00

STEP 6: Return of Funds by the SCHOOL

The school must return the unearned aid for which the school is responsible (Box J) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.

	Amount for School to Return		Amount for School to Return
1. Unsubsidized FFEL/Direct Stafford Loan	_____	5. Pell Grant	<u>\$505.00</u>
2. Subsidized FFEL/Direct Stafford Loan	_____	6. FSEOG	_____
3. Perkins Loan	_____	7. Other Title IV programs	_____
4. FFEL/Direct PLUS	_____		

STEP 7: Initial Amount of Unearned Title IV Aid Due from the STUDENT

K. Subtract the amount of Title IV due from the school (Box J) from the amount of Title IV to be returned (Box F).

\$702.83	–	\$505.00	=	
Box F		Box J		K \$ 197.83

STEP 8: Return of Funds by the STUDENT

The student (or parent for a PLUS loan) must return unearned aid for which the student is responsible (Box K) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source, after subtracting the amount the school will return. Amounts to be returned to grants are reduced by 50%.

	Amount for Student to Return		Initial Amount to Return		Amount for Student to Return
1. Unsubsidized FFEL/Direct Stafford Loan*	_____	5. Pell Grant	<u>\$197.83</u>	x 50% =	<u>\$98.92</u>
2. Subsidized FFEL/Direct Stafford Loan*	_____	6. FSEOG	_____	x 50% =	_____
3. Perkins Loan*	_____	7. Other Title IV programs	_____		_____
4. FFEL/Direct PLUS*	_____	(x 50% for grant funds)			

*Loan amounts are returned in accordance with the terms of the promissory note. No further action is required other than notification to the holder of the loan of the student's withdrawal date.



Treatment of Title IV Funds When a Student Withdraws from A Clock Hour Program

Student's Name _____ Social Security Number _____

Date Form Completed ____/____/____ Date of the institution's determination that the student withdrew ____/____/____

Period used for calculation (check one) ☐ payment period ☐ period of enrollment

Monetary amounts should be in dollars and cents (rounded to the nearest penny). Round to three decimal places when calculating percentages. For example, .4486 would be .449, or 44.9%.

STEP 1: Student's Title IV Aid Information

	Net Amount Disbursed	Net Amount That Could Have Been Disbursed		Amount Disbursed	Amount That Could Have Been Disbursed
1. Unsubsidized FFEL/Direct Stafford Loan	_____	_____	5. Pell Grant	_____	_____
2. Subsidized FFEL/Direct Stafford Loan	_____	_____	6. FSEOG	_____	_____
3. Perkins Loan	_____	_____	7. Other Title IV programs*	_____	_____
4. FFEL/Direct PLUS	_____	_____	*Do not include FWS.		

A. Total Title IV aid disbursed (NOT aid that could have been disbursed) for the payment period or period of enrollment A \$ _____ .

B. Total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment B \$ _____ .

STEP 2: Percentage of Title IV Aid Earned

C. • Withdrawal date ____/____/____

- Percentage of payment period or period of enrollment completed

Calculation 1 - Determine the clock hours completed* in the payment period or period of enrollment divided by the total clock hours in the payment period or period of enrollment $\frac{\text{completed hours}}{\text{total hours}} = \text{_____} \%$

If this percentage is greater than 60%, enter 100% in Box C and proceed to Step 3.

If this percentage is less than or equal to 60%, proceed to Calculation 2.

Calculation 2 - Determine the clock hours completed* in the payment period or period of enrollment divided by the clock hours scheduled to be completed as of the date the student withdrew. $\frac{\text{completed hours}}{\text{scheduled to complete}} = \text{_____} \%$

If this amount is less than 70%, enter the percentage from Calculation 1 in Box C and proceed to Step 3. If this amount is 70% or greater, determine the clock hours scheduled to be completed as of the date the student withdrew divided by the total clock hours in the payment period or period of enrollment and enter this amount in Box C (this amount may be greater than 60%).

*Excused absences do NOT count as completed hours. $\frac{\text{scheduled to complete}}{\text{total hours}} = \text{_____} \%$ C _____ %

STEP 3: Amount of Title IV Aid Earned by the Student

D. Percentage of Title IV aid earned (Box C) x the total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box B) $\frac{\text{Box C}}{\text{Box B}} = \text{_____} \%$ D \$ _____ .

STEP 4: Total Title IV Aid to be Disbursed or Returned

If the amount in Box D is greater than the amount in Box A, go to item E. If the amount in Box A is greater than the amount in Box D, go to item E. **If the amounts in Boxes A and D are equal, STOP. No further action is necessary.**

12/29/99

Student's Name _____ Social Security Number _____

STEP 4: Total Title IV Aid to be Disbursed or Returned: Continued

E. **Post-withdrawal disbursement.** Subtract Title IV aid disbursed for the payment period or period of enrollment (Box A) from the amount of Title IV aid earned (Box D). This is the amount of the post-withdrawal disbursement due. Stop here and go to the post-withdrawal disbursement tracking sheet.

$$\boxed{} - \boxed{} = \text{E } \$ \boxed{}.$$

Box D Box A

F. **Title IV aid to be returned.** Subtract the amount of Title IV aid earned (Box D) from Title IV aid disbursed for the payment period or period of enrollment (Box A). This is the amount of Title IV aid that must be returned.

$$\boxed{} - \boxed{} = \text{F } \$ \boxed{}.$$

Box A Box D

STEP 5: Amount of Unearned Title IV Aid Due from the SCHOOL

G. Institutional charges for the payment period or period of enrollment

Tuition and Fees _____ Board _____ Other _____
 Room _____ Other _____ Other _____

Total Institutional Charges **G** \$ _____.

H. Percentage of Title IV aid unearned (100% - Box C)

H _____ %

I. Multiply institutional charges for the payment period or period of enrollment (Box G) times the percentage of Title IV aid unearned (Box H).

$$\boxed{} \times \boxed{} \% = \text{I } \$ \boxed{}.$$

Box G Box H

J. Compare the amount of Title IV aid to be returned (Box F) to Box I and enter the lesser amount.

J \$ _____.

STEP 6: Return of Funds by the SCHOOL

The school must return the unearned aid for which the school is responsible (Box J) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.

Amount for School to Return	Amount for School to Return
1. Unsubsidized FFEL/Direct Stafford Loan _____	5. Pell Grant _____
2. Subsidized FFEL/Direct Stafford Loan _____	6. FSEOG _____
3. Perkins Loan _____	7. Other Title IV programs _____
4. FFEL/Direct PLUS _____	

STEP 7: Initial Amount of Unearned Title IV Aid Due from the STUDENT

K. Subtract the amount of Title IV aid due from the school (Box J) from the amount of Title IV aid to be returned (Box F).

$$\boxed{} - \boxed{} = \text{K } \$ \boxed{}.$$

Box F Box J

STEP 8: Return of Funds by the STUDENT

The student (or parent for a PLUS loan) must return unearned aid for which the student is responsible (Box K) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source, after subtracting the amount the school will return. Amounts to be returned to grants are reduced by 50%.

Amount for Student to Return	Initial Amount to Return	Amount for Student to Return
1. Unsubsidized FFEL/Direct Stafford Loan* _____	5. Pell Grant _____	x 50% = _____
2. Subsidized FFEL/Direct Stafford Loan* _____	6. FSEOG _____	x 50% = _____
3. Perkins Loan* _____	7. Other Title IV programs _____	
4. FFEL/Direct PLUS* _____	(x 50% for grant funds)	

*Loan amounts are returned in accordance with the terms of the promissory note. No further action is required other than notification to the holder of the loan of the student's withdrawal date.

12/29/99



Treatment of Title IV Funds When a Student Withdraws from a Credit Hour Program

Student's Name _____ **Social Security Number** _____

Date Form Completed ____/____/____ **Date of the institution's determination that the student withdrew** ____/____/____

Period used for calculation (check one) ☐ payment period ☐ period of enrollment

Monetary amounts should be in dollars and cents (rounded to the nearest penny). Round to three decimal places when calculating percentages. For example, .4486 would be .449, or 44.9%.

STEP 1: Student's Title IV Aid Information

	Net Amount Disbursed	Net Amount That Could Have Been Disbursed		Amount Disbursed	Amount That Could Have Been Disbursed
1. Unsubsidized FFEL/Direct Stafford Loan	_____	_____	5. Pell Grant	_____	_____
2. Subsidized FFEL/Direct Stafford Loan	_____	_____	6. FSEOG	_____	_____
3. Perkins Loan	_____	_____	7. Other Title IV programs*	_____	_____
4. FFEL/Direct PLUS	_____	_____			

*Do not include FWS.

A. Total Title IV aid disbursed (NOT aid that could have been disbursed) for the payment period or period of enrollment **A** \$ _____.

B. Total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment **B** \$ _____.

STEP 2: Percentage of Title IV Aid Earned

C. • If school is not required to take attendance and student withdrew without notification, enter 50% in Box C and proceed to Step 3 OR school may enter a last date of attendance at an academically-related activity for "withdrawal date" and proceed from there.

• Withdrawal date ____/____/____ Payment period/period of enrollment start date ____/____/____ end date ____/____/____

• Percentage of payment period or period of enrollment completed

Determine the calendar days completed in the payment period or period of enrollment divided by the total calendar days in the payment period or period of enrollment (exclude scheduled breaks of 5 days or more AND days that the student was on approved leaves of absence).

$$\frac{\boxed{\text{completed days}}}{\boxed{\text{total days}}} = \boxed{\text{percentage}} \%$$

If this amount is less than or equal to 60%, enter this amount in Box C. If this amount is greater than 60% (with or without rounding), enter 100% in Box C.

C . %

STEP 3: Amount of Title IV Aid Earned by the Student

D. Percentage of Title IV aid earned (Box C) x the total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box B)

$$\boxed{\text{Box C}} \% \times \boxed{\text{Box B}} = \text{D} \text{ } \$ \text{ } \boxed{\text{amount}}$$

STEP 4: Total Title IV Aid to be Disbursed or Returned

If the amount in Box D is greater than the amount in Box A, go to item E. If the amount in Box A is greater than the amount in Box D, go to item F. **If the amounts in Boxes A and D are equal, STOP. No further action is necessary.**

E. **Post-withdrawal disbursement.** Subtract Title IV aid disbursed for the payment period or period of enrollment (Box A) from the amount of Title IV aid earned (Box D). This is the amount of the post-withdrawal disbursement due. Stop here and go to the post-withdrawal disbursement tracking sheet.

$$\boxed{\text{Box D}} - \boxed{\text{Box A}} = \text{E} \text{ } \$ \text{ } \boxed{\text{amount}}$$

F. **Title IV aid to be returned.** Subtract the amount of Title IV aid earned (Box D) from Title IV aid disbursed for the payment period or period of enrollment (Box A). This is the amount of Title IV aid that must be returned.

$$\boxed{\text{Box A}} - \boxed{\text{Box D}} = \text{F} \text{ } \$ \text{ } \boxed{\text{amount}}$$

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Student's Name _____ **Social Security Number** _____

STEP 5: Amount of Unearned Title IV Aid Due from the SCHOOL

G. Institutional charges for the payment period or period of enrollment

Tuition and Fees _____ Board _____ Other _____
 Room _____ Other _____ Other _____

Total Institutional Charges **G** \$ _____ .

H. Percentage of Title IV aid unearned (100% - Box C) **H** _____ . %

I. Multiply institutional charges for the payment period or period of enrollment (Box G) times the percentage of Title IV aid unearned (Box H).

_____ x _____ % = **I** \$ _____ .
 Box G Box H

J. Compare the amount of Title IV aid to be returned (Box F) to Box I and enter the lesser amount. **J** \$ _____ .

STEP 6: Return of Funds by the SCHOOL

The school must return the unearned aid for which the school is responsible (Box J) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source.

	Amount for School to Return		Amount for School to Return
1. Unsubsidized FFEL/Direct Stafford Loan	_____	5. Pell Grant	_____
2. Subsidized FFEL/Direct Stafford Loan	_____	6. FSEOG	_____
3. Perkins Loan	_____	7. Other Title IV programs	_____
4. FFEL/Direct PLUS	_____		

STEP 7: Initial Amount of Unearned Title IV Aid Due from the STUDENT

K. Subtract the amount of Title IV aid due from the school (Box J) from the amount of Title IV aid to be returned (Box F).

_____ - _____ = **K** \$ _____ .
 Box F Box J

STEP 8: Return of Funds by the STUDENT

The student (or parent for a PLUS loan) must return unearned aid for which the student is responsible (Box K) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source, after subtracting the amount the school will return. Amounts to be returned to grants are reduced by 50%.

	Amount for Student to Return		Initial Amount to Return		Amount for Student to Return
1. Unsubsidized FFEL/Direct Stafford Loan*	_____	5. Pell Grant	_____	x 50%=	_____
2. Subsidized FFEL/Direct Stafford Loan*	_____	6. FSEOG	_____	x 50%=	_____
3. Perkins Loan*	_____	7. Other Title IV programs	_____		
4. FFEL/Direct PLUS*	_____	(x 50% for grant funds)			

*Loan amounts are returned in accordance with the terms of the promissory note. No further action is required other than notification to the holder of the loan of the student's withdrawal date.

Post-Withdrawal Disbursement Tracking Sheet

Student's Name _____ Social Security Number _____

Amount of Post-Withdrawal Disbursement

A. Amount from Box E of "Treatment of Title IV Funds When a Student Withdraws" Worksheet **A** \$ _____.

Post-Withdrawal Disbursement Credited to Student's Account

B. Total outstanding charges on student's account **B** \$ _____.

C. Total amount of post-withdrawal disbursement credited to student's account

- Amount of post-withdrawal disbursement credited for tuition, fees, room and board (if student contracts with the institution) \$ _____
- Amount of post-withdrawal disbursement credited for other current charges + \$ _____
- Amount of post-withdrawal disbursement credited for minor prior year charges + \$ _____

Total Amount Credited to Account **C** \$ _____.

D. Student and/or parent authorization to credit account for other current charges or minor prior year charges (if necessary) obtained on ____/____/____

E. If a post-withdrawal disbursement of loan funds is credited to account, date of notification to student and/or parent ____/____/____

Post-Withdrawal Disbursement Offered to Student/Parent

F. Total amount of post-withdrawal disbursement (Box A) – amount of post-withdrawal disbursement credited to student's account (Box C) = Total amount to offer to student/parent **F** \$ _____.

G. Notification sent to student and/or parent on ____/____/____

H. ☐ Response received from student/parent on ____/____/____

☐ Response not received

I. Amount accepted **I** \$ _____.

J. Accepted funds sent on ____/____/____

Post-Withdrawal Disbursement Made From

Pell Grant		Subsidized FFEL/Direct Stafford Loan	
FSEOG		Unsubsidized FFEL/Direct Stafford Loan	
Other Title IV programs (grants)		Perkins Loan	
		FFEL/Direct PLUS	
		Other Title IV programs (loans)	

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Student Withdrawal/Overpayment Referral to ED/SFA Collections

Student Information

Name (Last, First, MI):

Address:

Telephone Numbers:

Social Security Number:

Date of Birth:

Student's Pell Origination ID:

Parent/Spouse Information

Name (Last, First, MI):

Address:

Telephone Numbers:

School Information

Name of Contact:

Telephone Numbers:

School's Pell Identification Number:

Disbursements and Repayments

	Federal Pell	Federal SEOG
Award year of overpayment:		
Grant funds applied to institutional charges:		
Grant funds disbursed to student:		
Total Grant Disbursement:		
Dates of disbursement (must match NSLDS overpayment record):		
Date notice of overpayment was mailed to student:		
Amount of grant for student to return (50% of initial calculation):		
Total grant amount repaid by student to school:		
Date of last payment to school, if any:		
Total being referred for collection:		*

If using fund-specific matching, report federal share only. Otherwise report total FSEOG. *

SEND INFORMATION TO ➤ Student Loan Processing Center-Overpayments
P.O. Box 4157
(903) 408-4634 < FAX Greenville, TX 75403

Return of Title IV Funds Requirements and Deadlines

Party Responsible	Requirement	Deadline
School	Determining withdrawal date for student who withdraws without providing notification	30 days after the end of the earlier of: <ul style="list-style-type: none"> • Payment or enrollment period • Academic year in which student withdrew • Educational program from which student withdrew
School	Return of unearned Title IV funds	As soon as possible, but no later than 30 days after date school determined student withdrew
School	Post-withdrawal disbursement to student's account for: <ul style="list-style-type: none"> • Outstanding current (allowable) charges (e.g., tuition and fees, room and board, etc.) • Minor (under \$100) prior year charges for which school has authorization to retain 	Within 90 days of date school determined student withdrew, in accordance with requirements for disbursing Title IV funds (§668.164)
School	Written notification providing student (or parent) opportunity to cancel all/part of loan , for post-withdrawal disbursements of loan funds (Perkins, FFEL, Direct Loan, or PLUS) to student's account	Within 30 days of disbursement of loan funds, in accordance with requirements for notifications and authorizations (§668.165)
School	Written notification of student's eligibility for post-withdrawal disbursement in excess of outstanding current (educationally-related) charges	Within 30 days of date school determined student withdrew
Student (or parent)	Submit response instructing school to make post-withdrawal disbursement	Within 14 days of date school sent notification
School	Post-withdrawal disbursement to student for earned Title IV funds in excess of outstanding current (educationally-related) charges	Within 90 days of date school determined student withdrew
School	Notification to student (or parent) of outcome of late request for a post-withdrawal disbursement to student (request received by school after 14 day period and school chooses not to make disbursement)	Not specified
School	Notification to student of grant overpayment	Within 30 days of date school determined student withdrew
School	Referral of student to the Secretary , if student does not pay overpayment in full, does not enter into repayment agreement, or fails to meet terms of repayment agreement	Not specified

Return of Title IV Funds Requirements for Notifications

Party Responsible	Notification	Requirements
School	Consumer Information	<ul style="list-style-type: none"> • School's withdrawal policy • School's refund policy • Office(s) designated to receive official notifications of intent to withdraw • Requirements regarding the return of Title IV funds
School	Written notification of student's eligibility for post-withdrawal disbursement of funds in excess of outstanding current charges (educationally-related)	<ul style="list-style-type: none"> • Identify type and amount of Title IV funds that make up post-withdrawal disbursement not credited to student's account • Explain that student or parent may accept all or part of disbursement • Advise student or parent that no post-withdrawal disbursement will be made unless school receives response within 14 days of date school sent notice
School	Response (written or electronic) to late request for post-withdrawal disbursement (that school chooses not to make)	<ul style="list-style-type: none"> • Outcome of request
School	Repayment Agreement	<ul style="list-style-type: none"> • Terms permitting student to repay overpayment while maintaining eligibility for Title IV funds • Repayment in full within 2 years of date school determined student withdrew

Withdrawal Dates for a School That Is Not Required to Take Attendance

Withdrawal Type	Circumstance	Student's Withdrawal Date ¹	Date of the Institution's Determination that the Student has Withdrawn ²
Official Notification	<p>The student begins the school's withdrawal process, or</p> <p>The student otherwise provides official notification to the school of intent to withdraw.</p>	<p>The date that the student begins the school's withdrawal process, or</p> <p>The date that the student otherwise provides the notification.</p> <p>(If both circumstances occur, use the earlier withdrawal date.)</p>	The student's withdrawal date.
Official Notification Not Provided	<p>Official notification not provided by the student because of circumstances beyond the student's control.</p> <p>All other instances where student withdraws without providing official notification.</p>	<p>The date that the school determines is related to the circumstance beyond the student's control.</p> <p>The midpoint of the payment period or period of enrollment, as applicable.</p>	The date that the school becomes aware that the student has ceased attendance.
Leave of Absence Related	<p>The student does not return from an approved leave of absence, or</p> <p>The student takes an unapproved leave of absence.</p>	The date that the student began the leave of absence.	The earliest of the dates of the end of the leave of absence or the date the student notifies the school he or she will not be returning to that school. (In the case of a an unapproved absence, the date that the student began the leave of absence.)
Withdrawal After Rescission of Official Notification	The student withdraws after rescinding a previous official notification of withdrawal.	The student's original withdrawal date from the previous official notification.	The date the school becomes aware that the student did not, or will not, complete the program period or period of enrollment.

1. In place of the dates listed, a school may always use as a student's withdrawal date the student's last date of attendance at an academically-related activity, if the school documents that the activity is academically related and that the student attended the activity.

2. For a student who withdraws without providing notification to the school, the school must determine the withdrawal date no later than 30 days after the end of the earlier of the (1) payment period or period of enrollment (as appropriate) , (2) academic year, or (3) educational program.